GOVERNMENT REFORM:
Lessons from the Past for Actions in the Future

Daniel J. Chenok and John M. Kamensky

IBM Center for The Business of Government

with contributions by Allan Burman, Karen Hardy, Nick Hart, John Koskinen, Stan Soloway, and Richard Spires

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Special Report

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Foreword

Daniel J. Chenok

John M. Kamensky

On behalf of the IBM Center for The Business of Government, we are pleased to present this report, *Government Reform: Lessons from the Past for Actions in the Future.*

Presidents are elected based on their inspirational vision and promises. They focus on *What* government should—or shouldn't—do. But carrying out those promises depends on the effectiveness of governmental institutions, processes, and people. Delivering on promises depends on *How* well government works.

This report outlines the evolution of various federal government reform efforts over the past 30 years, with a focus on *How* government works to get things done for the American people, and the leaders in government who have and continue to implement the important agency missions. This overview of government reforms and actions provides important lessons for leaders today and tomorrow, who seek to bring new innovation to improve government programs and operations.

Since 1998, the IBM Center for The Business of Government has produced hundreds of reports and interviews that focus on specific challenges and opportunities for government, all available on our website at www.businessofgovernment.org. Our 2018 book *Government for the Future* reviewed Center content and insights from outside experts to assess broad changes over the past two decades, and develop forecasts for government two decades hence. Still, missing from this portfolio is a cohesive assessment of the stories behind this progress, and the lessons of those stories for leaders today. This new report fills in that picture.

The events we focus on reflect topics that continue to be core elements of federal government improvement efforts over the past three decades, including:

- Statutes, ranging from the Chief Financial Officers Act of 1990 to the Evidence-Based Policymaking Act of 2018

- Governmentwide administrative reform initiatives, like the National Performance Review of 1993 and multiple President's Management Agendas

- Targeted initiatives to improve programs and performance, like Total Quality Management, Agile methods, and Customer Experience

- Technology advances, stretching from the initial use of email in agencies in the early 1990s to the introduction of artificial intelligence to support program operations in the 2010s

For new appointees in the Biden-Harris administration, and the work of leaders and stakeholders across government to implement key programs and initiatives effectively, understanding the evolution of government reform over the past three decades can provide a context for strategic choices in how best to implement administration priorities and deliver government results that benefit the nation.

This report is based on a series of blog posts that we—and a number of distinguished contributors—authored over the course of 2020. For each blog, we also developed a podcast discussion of the topic. The report reorganizes the blog posts into a set of essays grouped together around their most prominent strategic approach to implementing a specific reform. Also, embedded in each essay is a link to a corresponding podcast interview that provides personal insights and behind-the-scenes stories.

We enjoyed writing the essays and reflecting about the implications of reforms for today's challenges, with each other and our contributors. We hope that government leaders and stakeholders find the stories, insights, and lessons in this report to be helpful in creating a government that builds back better!

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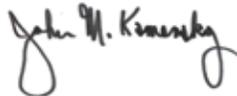
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Introduction

Scientists have achieved a modern miracle by developing a vaccine in record time, and pharmeceutical companies have produced and astonishing supply of the resulting vaccine. But the delivery of the vaccine across the country depends critically on sound execution. This is a clear lesson that good management and implementation matter.

For the government to deliver on President Biden's "build back better" and other policy commitments—whether it is defeating the coronavirus, restoring the economy and jobs, tackling climate change, addressing racial justice, or achieving other strategic goals—new leaders must also invest time and attention in selecting good people, using good management practices, and ensuring effective implementation. Any administration needs to focus on these efforts to achieve its policy outcomes.

This report offers advice on how to hit the ground running, based on lessons from federal reform efforts over the past three decades.

Why Management and Implementation Matter

Effective management and implementation aren't reserved just for high visibility issues, such as governmentwide collaboration on implementing a major initiative like the $2.3 trillion Coronavirus Aid Relief and Economic Stimulus (CARES) Act or the $1.9 trillion American Rescue Plan Act. Good management is also critical for building and sustaining the behind-the-scenes mission support infrastructure in agencies, such as the ability to issue payments and having an accurate database of payment recipients. These kinds of mission support capabilities—in this case, technology, financial management, and data management—drive achievements in the higher visibility policy and program initiatives of government. And these capabilities must be implemented collaboratively, not in separate stovepipes. This is no easy task. Such an effort requires creating a shared vision of mission as well as trust and transparency.

These seemingly mundane capabilities require a longer-term investment and planning horizon. They also point out the need for longer-term leadership commitment to bring them to fruition. For example, the current initiative to create common service platforms to deliver administrative services for agencies such as payroll, travel, and grants management—often called shared services—began in the 1990s, and has grown more widespread in use across federal agencies. While seemingly mundane, this common capability creates a foundation for greater collaboration across organizations and programs by reducing the cost of delivering common support services.

In addition to effective administrative mission support functions, investing in the capabilities of individual agencies and programs to deliver on their missions is paramount. Recent studies highlight the importance of effective talent management, leadership, strategic choices and actions; creating an organizational culture that trusts and empowers employees; and more. However, for either mission support or mission delivery to be effective, their connection must be recognized by agency leaders as driving toward a common vision and purpose—mission support and mission delivery functions are interdependent, though each also requires different strategic approaches to their reform.

For example, a recent report on internal management challenges at the State Department found that it has "An institutional culture built on siloed organizational structures [that] discourages coordination and collaboration across bureaus and between the civil and foreign services." And:

"Inefficient corporate governance centralizes authority and consistently elevates decision making to higher-than-necessary levels . . ."[1] The report concludes that the department's organizational and management problems have impeded its ability to achieve mission objectives for diplomacy and international relations. Similar issues can be seen across those agencies and functions designated as "high risk" by the Government Accountability Office.[2]

Organization of This Report: Three Strategic Approaches to Reform.

Reform approaches will vary, depending on what types of reform are being pursued. They can be significant and governmentwide, or narrow and agency- or program-specific. They can be legislative- or executive-branch driven. They can be near-term or long-term. We've grouped them into three categories. As noted above, each relies on different strategic implementation approaches, with different lessons learned that we hope will be of value to leaders today.

Strategic Approach 1

Overarching Reform Initiatives. Here we examine reforms that affect the broader governance systems of the federal government and its organization. Examples include the Reinventing Government reform initiative in the 1990s which included the creation of agency chief operating officers and the President's Management Council, and more recent initiatives to reorganize various federal agencies. Some worked well; others less so.

Strategic Approach 2

Governmentwide Mission Support Initiatives. This approach examines the evolution of a series of mission support "chiefs" in each agency, often by congressional mandate. These would include positions such as chief financial officers, chief information officers, chief human capital officers, and most recently, chief data officers. Each of these "chiefs" are members of a relevant cross-agency council. The implementation of governmentwide reforms in each of these professional domains offers insights for future efforts.

Strategic Approach 3

Initiatives That Enable Mission Delivery. Various presidential administrations place an emphasis on developing different capabilities that can improve agencies' ability to better deliver on their missions. Examples include creating more effective collaboration across agency boundaries on common mission results, open government, creating enterprisewide risk management routines, improving customer service, and fostering innovation. How these different initiatives were implemented suggests guideposts for future leaders.

Regardless how these three strategies of reform may be incorporated into the new administration's "build back better" initiatives, a consistent set of insights and lessons emerge across all three.

1. Partnership for Public Service (2021). State of Renewal: The Department of State Today, Tomorrow, and Beyond. Accessed at: https://ourpublicservice.org/wp-content/uploads/2021/01/State-of-Renewal.pdf.
2. U.S. Government Accountability Office (2021). "High Risk List." Webpage. Accessed at: https://www.gao.gov/highrisk/overview.

Insights and Lessons That Reach Across Three Strategic Approaches

The various reform initiatives described in this report, as well as a forum discussion among former senior federal executives who had undertaken reforms during their careers, can be distilled into three common stages for any reform initiative:

- Developing the reform initiative with recommendations for how to proceed

- Implementing the initiative

- Sustaining the initiative beyond its initial reform advocates

A number of critical success factors are relevant at each stage—such as clearly defining that a "management reform" initiative would be limited to *How* government works, and not *What* government is charged with doing. *What* government does is value- and policy-driven, which generally falls to the realm of elected political decision makers. *How* government operates generally proceeds based on implementation actions by career government officials. Of course, values and policymaking influence implementation, but public legitimacy is often sustained based as much on the way government delivers a mission as it does on the mission itself—as illustrated by this year's focus on the distribution of vaccines to address COVID-19.

① Stage One: Developing the Reform Initiative

Developing a management reform initiative starts with the political and administrative context facing government leaders in the White House, Congress, and agencies. They must articulate why they want to pursue reforms and be willing to invest time and political capital to make them happen. As noted above, the first decision is which strategic approach are leaders willing to employ: Overarching governmentwide? Cross-agency mission support functions? And/or initiatives targeted to improve specific mission delivery capabilities? Each of these require different types of political leverage and commitment. Some, such as improving financial management functions, can be delegated to agencies and experts. Others, such as reorganizing agencies, require top level commitment in both the executive and legislative branches.

Regardless of the strategic approach chosen, the following elements are important to success:

- **Make a Compelling Case for Change.** For example, the compelling case for Customer Experience initiatives over the past three decades has seen that citizen perceptions, and their trust in government, are largely formed by their personal interactions with different government services, such as veterans in hospitals, visitors to national parks, or travelers at airports.

  Some reform efforts adopt an analytical, top-down focus, such as "reducing waste and fraud" or "improving efficiency." While these are important objectives, they have not been sufficiently compelling to rally public or line staff support for changes. Using personal stories of interactions with government services to convey a reform agenda provides an important means of making a compelling case for change. The Reinventing Government initiative in the 1990s was effective at doing this by empowering frontline staff to serve customers of their services, and publicly recognizing them on a regular basis for their efforts. The Open Government initiative under the Obama administration developed a case for change during the presidential transition around leveraging open data to increase citizen engagement and improve service delivery and accountability. It was symbolically communicated as a priority of the new Obama administration when it was the subject of a presidential directive signed on Day One of the new administration.

- **Engage Top Leaders as Champions.** The most successful efforts had top level support, sustained for the duration of the initiative. For example, the Reinventing Government initiative in

the 1990s was supported by Vice President Al Gore for the full eight years of the Clinton administration. Likewise, the President's Management Agenda under the George W. Bush administration had the president's personal support. It does not take a significant amount of their time, but top leaders have an immense ability to use symbolism through their actions to convey a compelling and inspiring message to the federal workforce. Then-Vice President Biden, for example, successfully led the implementation of the Recovery Act in part because of his strategic use of calls and meetings with agency heads, governors, and mayors. Staff at all levels saw this and knew that implementation was a top priority.

- **Prioritize Among Competing Opportunities.** The Bush administration was very disciplined in its reform initiatives. For example, it inherited more than 1,000 ongoing e-government projects from the Clinton administration and engaged a taskforce to prioritize those with the greatest potential impact, ultimately selecting 25 to invest in and scale. Similarly, the use of cross-agency priority goals under the past two administrations provided a way to prioritize and focus governmentwide initiatives, and in some cases, provide long-term continuity. For example, a number of the most recent set of 14 Cross-Agency Priority Goals built upon initiatives begun under prior administrations, such as the development and expansion of the use of shared services, and better coordination among agencies that issue permits for major infrastructure projects.

- **Develop a Road Map for Action.** Recommendations by themselves tend to be conceptual and not self-executing. To be effective, they need at least a high-level roadmap of who should take action, what those actions should be, when they should be completed, and what the desired end result should look like. The Cross-Agency Priority Goals offer good examples of this, where each publicly posts its plan of action for the upcoming four years and shares progress updates on a quarterly basis on a common website, performance.gov. Likewise, the initial implementation of the Chief Financial Officers Act in the 1990s relied on a five-year plan developed collectively by agency chief financial officers via their governmentwide council.

2 Stage Two: Implementing the Initiative

Historically, many reform efforts stumbled after initial recommendations and plans. This happened largely when there was no governmentwide institutional framework to ensure implementation, other than by often-overworked staff at the Office of Management and Budget (OMB). However, since the 1990s, the designation of deputy secretaries as chief operating officers, and their collective efforts to work on large-scale efforts via the President's Management Council, has created an implementation platform that has endured across administrations. The following apply to each of the three types of strategic approaches described earlier:

- **Create a Governance Structure.** The task forces that develop reform initiatives are typically transitory in nature, and often dissolve after making recommendations. But the resulting initiatives need to have not just a champion but a governance structure to drive implementation. The Bush Quicksilver initiative established a set of co-owners for each of 25 cross-agency technology programs, along with a "sponsor" in OMB to help if they encountered bureaucratic roadblocks. Likewise, each of the cross-agency priority goals established under the Obama administration and advanced under the Trump administration has designated "owners." Each has a small staff to support efforts to convene and to analyze progress, along with seed money to start new activity. In contrast to this top-down approach, the evolution of enterprise risk management initiatives began within agencies and grew organically, with individual champions across the government. They created a cross-agency network and an external nonprofit professional association, the Association of Federal Enterprise Risk Management (AFERM). OMB later embraced the initiative and embedded it in governmentwide guidance, with a more formal governmentwide council of risk managers.

- **Engage Staff at Different Levels.** Over the past two decades, reform initiatives have been largely driven top-down. In contrast, engaging a range of staff at different levels in an agency leads to a greater chance for successful implementation. For example, the Reinventing Government initiative made a concerted effort to engage frontline staff via the creation of "reinvention labs" and the use of "Hammer Awards" to recognize teams of federal employees who improved services to citizens or internal administrative functions. This led to a greater level of commitment by field and other frontline staff, with about 100,000 staff being recognized over the course of the Clinton administration.

  However, the Reinventing Government initiative was not as effective at engaging mid-level political appointees as was the Bush administration's President's Management Agenda. In the Bush administration, mid-level political appointees had to commit to the goals of the Agenda as a condition of their being selected!

  Leaders in subsequent presidential administrations made efforts to engage frontline staffs via the creation of innovation labs and recognition via customer service awards, but this was not pursued at scale within the government. For example, the Gears of Government Awards were annual recognition awards presented by the OMB Deputy Director for Management in the last two years of the Trump administration to several hundred individuals and teams as part of the President's Management Agenda, but their continuity is uncertain in the new Biden administration.

- **Create a Community.** As one element of an engagement strategy, creating communities of self-motivated employees to pursue a particular initiative can lead to effective implementation. This has been done since the Clinton administration, with varying levels of attention. Most recently, the government has sought to create communities of practice and centers of excellence that are more institutional and potentially more sustainable over time. The General Services Administration, for example, hosts several centers of excellence, such as the Center for Artificial Intelligence and the Center for Customer Experience. The U.S. Digital Service has driven digital services teams and communities that share best practices on leveraging emerging innovation and customer feedback to strengthen how agencies use technology to drive reforms. Another community-based strategy involves engaging stakeholders for a given initiative from the nonprofit sector, industry, and even academia, which has been a key tenet of multiple successful reforms over time.

③ Stage Three: Sustaining the Initiative

Large scale, highly visible overarching reform efforts such as Reinventing Government, President's Management Agendas, and various reorganization initiatives often stop at the end of a presidential administration, when political champions disappear. However, lower visibility mission support and mission delivery initiatives have had greater chances for continuity. Also, those initiatives with a statutory basis have continuity, though they may be de-emphasized and risk being seen as compliance requirements by new leaders. The following lessons tend to improve sustainability of an initiative over time.

- **Create Institutional Structures and New Routines.** Institutional structures and new routines are typically embedded into statute. For example, the Chief Financial Officers Act of 1990 established the role of chief financial officer and required the annual preparation of audited financial statements. This can be both positive and negative. Establishing offices and routines can ensure sustainability of an initiative across leadership changes in government, but layering multiple offices and routines on top of each other can create competition for resources and top leaders' attention. Strategic coordination across such functions and routines can be challenging, but beneficial.

- **Use a Dual-Track Approach.** Any effective management reform initiative requires a dual-track approach—top-down vision, support, and policy framing, along with bottom-up engagement by frontline employees who will be involved in implementing the initiative. This approach was first used in the Reinventing Government initiative in the 1990s, but it was more ad hoc than systematic. It was also an element in the Obama administration's implementation of selected priority goals—such as efforts to reduce the number of homeless veterans. But again, this was not a systematic effort. The existing communities of practice and centers of excellence could be foundations for more systematic bottom-up engagement of frontline staff in future top-down initiatives. Likewise, initiatives that create professional communities of practice that develop "playbooks" and "mythbusters"—as done in the digital services, personnel, and acquisition communities—allows frontline leaders to proactively continue initiatives even if top leaders lose interest. And building on a point made above regarding implementation, some professional communities, such as information technologists and accountants, work jointly with the nonprofit sector to sustain some reform initiatives.

- **Embed Into Pre-Existing Administrative Routines.** Agencies have many existing administrative routines and typically resist adding new ones. The most enduring, and most central, administrative routine in most agencies is the budget process. Based on the experience of the implementation of laws such as the Chief Financial Officers (CFO) Act and the Government Performance and Results Act (GPRA), there tends to be greater sustainability for initiatives that align with existing administrative routines and timetables that already exist. For examples both the CFO Act and GPRA reports are timed to provide information to Congress at about the same time they receive the president's budget each February. In fact, the CFO Act's financial reporting timetable was moved earlier administratively, from March to November, so agency annual financial reports would be available to inform the development of the president's budget before submission to Congress.

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Overarching Reform Initiatives

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- Major Management Reforms
- Reorganizations
- Mission Support

OVERVIEW

Overarching Reform Initiatives

Governmentwide reform initiatives are by their nature centrally developed and centrally driven. Typically, front line staff have little input in the development of these initiatives, though they ultimately have to implement the resulting recommendations. Historically, many of these overarching initiatives were developed by outsiders via one- or two-year studies with recommendations—the 1949 and 1955 Hoover Commissions, the 1984 Grace Commission, and others. However, beginning in the 1990s, many of these initiatives were undertaken inside the government, often led by the Office of Management and Budget.

The Clinton and Bush administrations launched their efforts in the first months after taking office; other administrations were later in their administrations. Beginning earlier has the advantage of setting a tone for the career civil service and gives more time for implementation to occur. However, many political appointees come on board later in the first year of a new administration and may not feel ownership of initiatives if they lacked a hand in their development, and may not be committed to their implementation or have other priorities to pursue.

Top-level government reform initiatives generally have a faster timeframe for action than do other types of reforms because appointed political leaders—who are often in office for less than two years—want to see accomplishments during their period in office. Setting deadlines has the advantage of creating a sense of urgency to act.

In each of the four past presidential administrations, governmentwide reform efforts often produced recommendations and a plan of action. The challenge that each typically faced was in sustaining implementation and achieving long-term changes.

How to get started.

The advice is the same as for all three reform strategies, as noted in the Introduction:

- **Create a compelling vision for change,** with guiding principles and strategies. Clarity of purpose helps create alignment among the many players that will be involved.

- **Clearly define the scope of the effort in advance.** Focus only on administrative processes, such as personnel or regulatory efforts, or encompass policy or agency-level priorities.

- **Come to agreement on an initiative development and selection process.** Defining a timeframe for when to complete proposals and who will make final decisions helps set expectations.

A key consideration for success: Past experience suggests avoiding large-scale agency reorganization efforts. They typically take enormous amounts of political capital and often fail. And when major efforts do succeed, such as in the creation of the Department of Homeland Security, the efforts may not achieve the early results envisioned. Reorganization typically requires significant congressional involvement—even if the reorganization is within a department or agency. The lesson from most reformers is to avoid formal reorganizations whenever possible, no matter how compellingly logical they sound!

How to get action on reform proposals.

Again, similar advice emerges for all three types of reform strategies:

- **Create a dedicated focal point for action**—a governance council and a "program management office" to act on the policy directions and strategies is a common approach. In addition, multiple champions help provide sustainability and buy-in, reducing the potential of a "single point of failure" if only one champion leaves.

- **Appoint leaders who "get it"**—and not just designate "positions" to be in charge. Find people who care. People in a position of authority may look right logically, but if whomever holds that position views the initiative as a secondary priority, or an "other duty as assigned," they will not be effective.

- **Develop a road map for action and effectively coordinate and collaborate with agencies.** This may involve creating a network across agencies with leads designated for collaboration. Examples include the Clinton Reinventing Government initiative and the Obama Open Government initiative. Often these leaders serve on the President's Management Council. However, as noted above these are not always the ones who are committed to driving change, but are in that role because of their titled position.

- **Use the president's power strategically.** The president's staff will leverage his time strategically on policy priorities; management initiatives are often seen as being of secondary importance, regardless of the president's personal interest. Look for symbolic actions that drive communication and action across agencies. For example, President Bush met at least once with the President's Management Council and occasionally discussed management issues at Cabinet meetings.

- **Develop a means to keep agencies and employees focused**—both political and career. This can take different forms. The Bush administration used public scorecards. And, to different degrees, other administrations used stories and awards as ways to engage.

A key consideration for success: Many reformers outside government counsel the importance of obtaining support from Congress. Congressional engagement is important, but the ability to do this has grown more difficult over time. Partisanship and tensions between the executive and legislative branches have become more prevalent, and developing relationships more problematic. Today, career civil servants, and sometimes even appointed officials, face constraints in developing working relationships with congressional staffs. However, one way to achieve some degree of cross-branch trust is via informal contacts in professional forums, such as those led by third-party nonprofits like the congressionally chartered National Academy of Public Administration.

How to achieve sustainability of reforms over time.

The historical record shows that the greatest sustainability mechanism is the use of legislation. However, this risks creating a compliance culture if future leaders do not commit to the goals of the initiative. Another downside is the accretion of statutory requirements over time. For example, New York University professor Paul Light documents over 200 governmentwide statutory mandates since WWII that define administrative structures and routines in agencies.[3] This legislation ranges from the creation of inspectors general, to requiring agency strategic plans and annual audited financial statements, to designating chief data officers.

3. Paul C. Light (2006). "The Tides of Reform Revisited: Patterns in Making Government Work, 1945-2002," *Public Administration Review*. Accessed at: https://sites.duke.edu/niou/files/2011/05/Light-The-Tides-of-Reform-Revisited.pdf; See also: (October 12, 2020). "Washington Has Given Up on Big Ticket Reform." Blog Post. Brookings Institution. Accessed at: https://www.brookings.edu/blog/fixgov/2020/10/12/washington-has-given-up-on-big-ticket-reform/.

A non-statutory approach, in contrast, involves developing initiatives with buy-in by key career-level cross-agency players. For example, the designation of chief operating officers in major agencies—typically a department's deputy secretary—was done administratively beginning in the Clinton administration and was ultimately placed in statute in the Obama administration. They meet regularly as the President's Management Council, which is not required by statute but is seen as a vital forum. Similarly, the annual strategic reviews conducted between agencies and OMB provide value for the various stakeholders, as does the use of enterprise risk management techniques. Both of these are examples of administrative routines that have transcended administrations.

A key consideration for success: *Sustainability generally requires bipartisan support for an initiative—both within the executive branch and Congress. For example, there has been long-term support across multiple presidential administrations for the development of shared services. In contrast, the Bush administration initiatives promoting performance pay and competitive sourcing both were ended, largely because of the lack of bipartisan support.*

Finally, prior reform efforts, such as the 1949 Hoover Commission's emphasis on economy, efficiency, and effectiveness, centered on priorities important to the president, the Congress, and the public. But they didn't necessarily engage federal employees. Creating a reform agenda that allows civil servants to see themselves as part of the reform can be a huge force-multiplier in driving supportive action from all corners of the government. Frontline employees can integrate reforms into how they deliver on missions to better serve the Nation quickly and effectively.

Major Management Reforms

Reinventing Government: A Principle-Driven Reform Initiative

By John M. Kamensky

> *Saturday, March 13, 1993: The snow was starting to come down faster, but Bob Stone, Bob Knisely and myself were completely absorbed in excited chatter about what we should say when we were to meet with Vice President Al Gore the next day.*

Background. Several days earlier, the three of us had been invited to share our ideas on how the vice president might proceed with his new mandate from the president to "reinvent the government," where the vice president had to deliver a plan of action to the president in six months. Gore's newly-appointed advisor, Elaine Kamarck, was tasked with getting the vice president's National Performance Review (NPR) initiative off the ground and she had invited the three of us to talk with her, based on the advice of David Osborne, a co-author of the best-selling book *Reinventing Government*.

We shared our ideas of what the vice president should focus on and how he might organize the reform effort, which was to be led by civil servants and not the traditional reform approach of turning to distinguished outside business leaders. We were surprised when Kamarck asked us to share ideas with the vice president on the upcoming Sunday, when he had a break in his calendar.

So, Bob Stone invited Knisely and I over to his house on Saturday to sketch out what we would advise the vice president to do. Our visit with Kamarck was the first time I'd been in the Old Executive Office Building (renamed the Eisenhower Executive Office Building in 1999), nor had I ever been in the White House and or met a president or vice president before. When invited by Kamarck to meet with the vice president, I immediately informed my boss at the General Accounting Office (now the Government Accountability Office) and was told that it was more appropriate for the Comptroller General to meet with the vice president. I was okay with that, but Kamarck insisted that I be in the meeting, not my boss's boss's boss!

We covered different elements of what could make for a successful reform program. My advice was largely organizational and process-driven, based on lessons from prior federal reform efforts and visits to see reform initiatives in other countries, Bob Stone's insights were based on his experience in helping run the Defense Department's military installations (Stone was the career deputy assistant secretary in charge of all military bases). Bob Knisely's discussed how to engage the federal workforce, drawing from his experience working as a career senior executive in a range of civilian agencies across the government.

Stone advocated grounding the effort in a set of principles that would inspire civil servants to want to lead the reforms. He had led a similar strategy to inspire successful change in the operations of military bases and thought this would work on a governmentwide reform initiative.

We developed what we called the "Gold Card" with a vision statement: "Create a Government That Works Better and Costs Less." This was supported by four principles and a set of strategies for acting on those principles. These were based partly on what Stone had developed for his Model Installations military reform initiative, partly on Osborne's reinventing government principles, and partly on the then-popular principles of Total Quality Management. Following are the elements on the Gold Card that described the vision, principles, and strategies that guided the reinvention efforts over the eight years of the Clinton administration:

Principles of the National Performance Review

Vision: Create a government that works better and costs less

Principles: We will invent a government that puts people first, by—

- Putting customers first
- Cutting red tape
- Empowering employees to get results
- Cutting back to basics

Strategies: We will—

- Create a clear sense of mission
- Steer more, row less
- Delegate authority and responsibility
- Help communities solve their own problems
- Replace regulations with incentives
- Develop budgets based on outcomes
- Inject competition into everything we do
- Search for market, not administrative, solutions
- Measure our successes by customer satisfactions
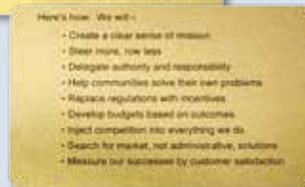
Gore readily bought into the use of a principles-driven reform initiative, intuitively understanding that large scale change would need to be driven by a compelling vision and principles—not by proposals to reorganize the government. In fact, he told us "don't move boxes, fix what's inside the boxes."

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Gore recruited us on the spot to help run the Review. These principles and strategies guided the work of nearly 300 people working on the NPR team to produce a set of action-oriented recommendations by September 1993 for the president to announce publicly. But more importantly, the principles became the driving force for the subsequent implementation of the reinventing government effort over the following eight years.

What Does This Teach Leaders Today About Reform Initiatives? In any large-scale transformation effort, leaders can't be everywhere and explain their ideas to each employee. Developing a compelling vision, with guiding principles and strategies that are meaningful to individual employees, allows them to translate and adapt them to their own workplaces.

Prior reform efforts, such as the Hoover Commission's emphasis on economy, efficiency, and effectiveness, centered on priorities important to the president, the Congress, and the public. But they didn't necessarily engage federal employees. Creating a reform agenda that allows civil servants to see themselves as part of the reform can be a huge force-multiplier in getting action from all corners of the government, in which officials at all levels carry out their missions to serve the nation quietly and effectively.

Want to Know More? To help government employees understand how they could act on the principles developed by NPR in their own workplace, a video was subsequently developed to explain them—and the vice president narrated the video. Here are links to the video (now on YouTube):

Reinventing Government—The Video!

▶ Part 1 (9:47): Empower Employees to Get Results

▶ Part 2 (9:54): Put Customers First

▶ Part 3 (6:26): Cut Red Tape

▶ Part 4 (6:49): Cut Back to Basics

By the way, if even further interested in the organization and evolution of the National Performance Review, its website was preserved by the National Archives in its "cyber cemetery." The website is a bit quaint; it was one of the first 100 websites in the world when first created, and the final report to the president in 1993 was the first government document posted on the web. So, they are in Courier font, because PDF documents didn't yet exist!

PODCAST

Episode 1: Hear how career civil servants Bob Stone, Bob Knisely, and John Kamensky were given the opportunity of a lifetime to help reinvent the government!

Presidential Management Agendas: What Insights Do the PMA's Origins Have for the Future?

By Daniel J. Chenok

The experience of the first President's Management Agenda in 2001 has important lessons for management leaders today and tomorrow.

The Trump administration's Fiscal Year 2021 Budget Proposal was accompanied by several management chapters with information about the President's Management Agenda (PMA). The PMA reflects a set of initiatives and activities intended to improve the effectiveness and efficiency by which Federal agencies serve their constituents and carry out their mission. While much focus in the FY 2021 budget centered on the content of the current PMA, it was subsequently updated in the spring of 2020. More importantly, the update marked the 20th year since an agenda by that name was introduced. This milestone merits a look back at the creation of the first PMA in 2001, which provides lessons that informed subsequent PMAs and that still have application for future leaders.

Origins of the PMA. Numerous administrations led management initiatives across agencies prior to 2001. The "Management by Objective" program in the '70s was aimed at improving efficiency in social programs. A decade later, "Reform 88" was championed by Office of Management and Budget (OMB) Director Joe Wright to look at financial management and other mission support functions. And as my colleague John Kamensky noted in the previous essay, the National Partnership for Reinventing Government (NPR, previously the National Performance Review; the name changed in 1998) served as a management reform beachhead in the 1990s.

When the first administration of a new century arrived in 2001 with the arrival of President George W. Bush, new OMB Director Mitch Daniels came to Washington from a successful career in industry, and was charged by the president with focusing on management from Day One. Daniels sought advice on key management issues to address by speaking with OMB career staff including senior advisor for management Jonathan Breul, who advised reaching out to congressional leaders—including Comptroller General David Walker at the General Accounting Office (now the Government Accountability Office, or GAO) and Senator Fred Thompson, ranking member of the Senate Government Affairs Committee. These and similar sessions established a long list of potential topics to address in a "management agenda."

OMB Deputy Director Sean O'Keefe, along with Breul (who was later my predecessor as head of the IBM Center), led a process of winnowing down the topics into broad areas that GAO and others had long recognized as risk areas for government. They were soon joined by respected third-party executive Robert O'Neill, who came to OMB on a detail from his position as leader of the National Academy of Public Administration. These three leaders, working with agency and OMB officials across different management disciplines, settled on five areas of focus for the new agenda:

- Strategic management of human capital

- Competitive sourcing

- Improved financial performance

- Expanded electronic government

- Budget and performance integration

President Bush released these five topics (along with nine other initiatives focused on mission and program operations) in the first PMA in August 2001, as a supplement to the first budget of his new administration. The first president with an MBA would strongly support making progress on the PMA a regular focus of his interactions with the Cabinet.

The First PMA in Practice. Within each of these five management areas, OMB worked with the President's Management Council (PMC) to develop high level goals and performance measures for agencies to follow. These measures were displayed in a "stoplight" (such as this 2004 version originally posted in "Results.Gov") for each agency with progress from positive to negative summarized in green, yellow and red scores. Such an easily visualized dashboard came from a suggestion by OMB Controller Mark Everson, who had used similar systems for management reviews as an industry executive prior to his appointment to OMB. To capture the fact that the baseline performance and improvement actions for each agency varied across the five dimensions, one set of scores reflected what the agencies actually achieved, and a second reflected their effort at improvement.

The OMB Resource Management Offices (RMOs) assigned the color scores for each agency and worked with their colleagues in the OMB management offices. For example, the e-government scores reflected input from my staff in the Information Policy and Technology Branch that supported Mark Forman as the new associate director for the Office of E-Government and Information Technology. Agencies were understandably reluctant to have their scores shown in public, a step actively debated by the PMC. Breul recalls that one deputy secretary was quite adamant that such scores not be made public, but he and his peers were convinced otherwise when OMB Director Daniels agreed to have OMB scores made public as well (and OMB had a lot of red marks in the early days).

Over the next several years, agencies would take action to improve their management performance and thus their scores through multiple venues. This was a result of two main pressure points:

- The president would focus time on each agency's score in Cabinet meetings, even going so far as to rearrange the seating to allow "greener" agencies to sit closer to him in the meeting.

- After Clay Johnson became OMB deputy director for management in 2003, he significantly raised attention to the PMA in meetings with agency leaders and at each PMC session.

The PMA led to numerous other initiatives, including the introduction of the Performance Assessment Rating Tool (PART) as a way to link specific program performance to budget decision making; and the e-government strategy known as Project Quicksilver that introduced 25 initiatives designed to leverage technology for improved services to citizens, businesses, other levels of government, and federal employees. (We explore these subjects further in Strategic Approaches 2 and 3, later in this report)

What Implications Do the PMA Origin Story Have Now and in the Future? Each subsequent presidential administration has brought forward a PMA to address issues of importance, and often these issues have built on rather than differed from one presidency to the next (for a look back at this progress from the perspective of four OMB DDMs, see this extensive discussion with Margaret Weichert, Andrew Mayock, Clay Johnson and Sally Katzen at our Center's 20th anniversary event). For example, e-government paved a pathway for open government, both of which inform the current focus on IT modernization and the new PMA element of a data strategy—and the e-government agenda had its origins in the government's move to the Internet from the 1990s led by NPR. And each of the last two presidential administrations has built a strong program around cross-agency priority goals (see history in a 2017 IBM Center report, Cross-Agency Collaboration).

The PMA's origin and history point to a number of key lessons:

- The core focus on five areas with a quarterly, publicly-reported "stoplight" metric was both simple to follow and powerful as an accountability signal. Easily understandable and transparent metrics have often brought more change across agencies than complex systems that track too many priorities.

- The PMA's intersection with senior official reviews and a focus from the top—including consultation with congressional leaders; and in Cabinet, PMC, and similar high-level meetings with OMB—made these initiatives meaningful for senior program and mission functions. Successful management initiatives have employed similar channels of visibility to connect with agency leaders.

- Continuity and bipartisan progress demonstrate a key lesson that started with the first PMA. Setting up an objective process for prioritizing, executing, and measuring progress in how agencies manage their programs and operations helps any administration serve the public effectively and efficiently, and establishing such a process early can enable progress in multiple mission and mission support areas.

Career and political leaders at OMB have now made the PMA an expected and highly visible activity in any presidential administration—as shown by the new budget document's focus on the PMA, entering its 20th year.

PODCAST

Episode 2: How a nine-month effort led to the first President's Management Agenda in 2001.

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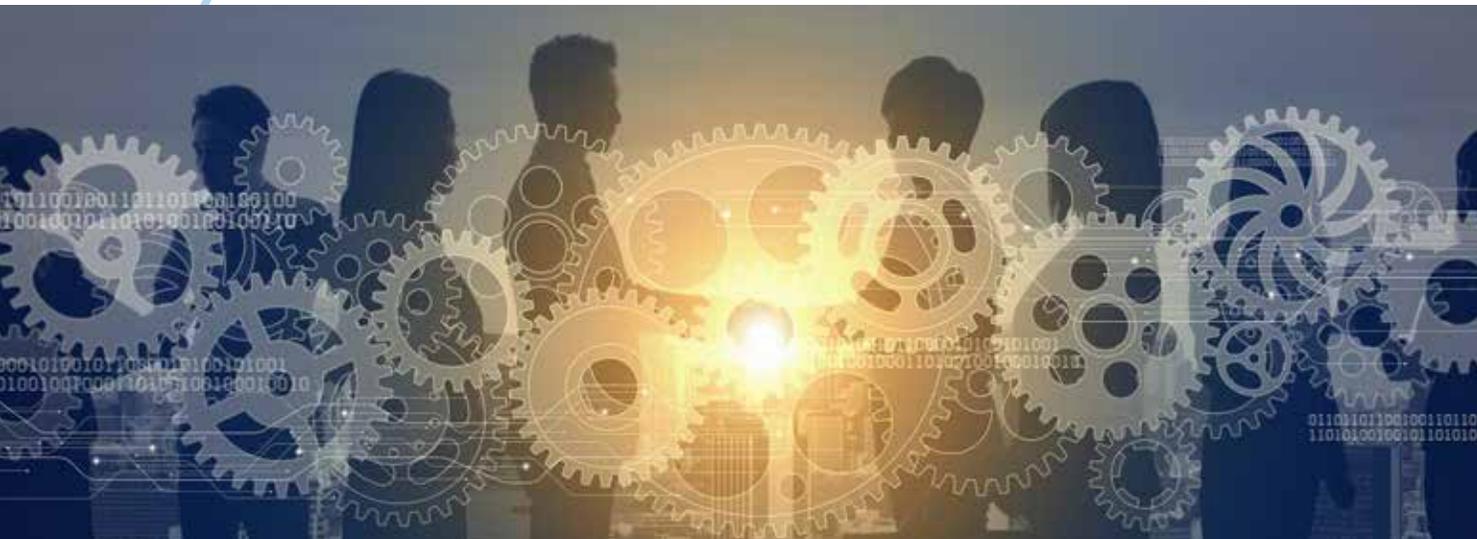
Reorganizations

Evolution of Efforts to Reorganize the Government
By John M. Kamensky

During the course of the 2020 presidential campaign, there were persistent calls from different quarters to reimagine the federal government.

The National Academy for Public Administration advocated the use of new collaborative models; the Campaign for Common Good called for a "new operating system"; and futurist Don Tapscott called for rethinking government and democracy in the new age of networked intelligence. And as far back as 2005, the Government Accountability Office had advocated a fundamental reexamination of the base of the federal government.

Some of these proposals are incremental in approach; others call for sweeping changes. In either case, it's worth looking back over the past 30 years of efforts to reorganize government. It's harder to do than you might imagine!

Background. Reorganizing government agencies and functions was relatively common between 1932 and 1983, a period in which Congress had granted the president the authority to reorganize agencies under the condition that Congress could veto proposals to which it objected. But a Supreme Court case in 1983 declared the use of a congressional veto was unconstitutional. A new mechanism for presidential reorganization has yet to be devised that has been acceptable to both branches. Every president since Bill Clinton has asked for such authority, but it has yet to be granted.

The Congressional Research Service (CRS) summarizes this history and outlines several alternative reorganization approaches in a 2017 report. Each is fairly narrow:

- Congress can reorganize via statute—such as when it created the Department of Homeland Security in 2003—or via stipulations in agency appropriations.

- The president can redelegate authorities between agency heads, such as when President Trump moved the security clearance function to the Department of Defense from the Office of Personnel Management in 2019.

- Agency heads can use directives to reorganize functions within his or her department, such as when the secretary of the Department of the Interior in 2018 reorganized nearly all of its bureaus into a 12-region structure and delegated more operating authorities to the regional coordinators.

- And indirectly, the White House can use interagency coordination mechanisms, such as cross-agency priority goals, interagency coordination councils, and task forces to coordinate action and administrative routines around common objectives, such as advancing food safety.

CRS observed that reorganization initiatives tended to be more successful in periods where there was largely bipartisan and cross-branch agreement on goals and approaches. A 2004 IBM Center report by Hannah Sistare describes a range of tools used historically to achieve these initiatives, ranging from the use of traditional reorganization commissions through the use of virtual reorganizations, using technology to serve as the platform for integrated functions or agencies.

Clinton Reorganization Efforts. The Clinton administration's major government reform initiative, the National Performance Review headed by Vice President Al Gore, chose to not pursue a major reorganization of government. Gore's direction to his reinventing government team in the 1990s was: "Don't move boxes, fix what's inside them." He felt that it was too difficult to get congressional support for a major structural reorganization, and that it would take so long to show results that it was not worth the effort. So, his reinventing government initiative focused on process reforms rather than structural reforms. In fact, he promoted the idea of creating "virtual agencies" long before the technology existed to make that approach feasible.

Even though Gore told the reinvention team to avoid reorganization proposals, the team did propose (and he agreed) to two such proposals—the merger of the Customs Service and the Border Patrol, and corporatizing the Air Traffic Organization component within the Federal Aviation Administration. Neither proposal went anywhere (however the customs-border agencies merger did eventually happen when the Bush administration created the Department of Homeland Security).

One innovation proposed—the creation of performance-based organizations—was a new organizational model in the U.S. government (inspired by a British innovation from the 1980s) but didn't catch on. This model—which separates operational functions from policy and regulatory functions and empowers a professional manager with flexibility from governmentwide personnel and procurement constraints—was implemented in only three agencies: the Office of Federal Student Aid, the Federal Aviation Administration's Air Traffic Organization, and the Patent and Trademark Office.

Interestingly, the Clinton administration was more successful in eliminating several outdated agencies, such as the Interstate Commerce Commission, the Tea Tasters Board, and the Bureau of Mines.

Bush Reorganization Efforts. The George W. Bush administration undertook several major reorganizations, both in reaction to the 9/11 terrorist attacks and the subsequent attention to terrorism. These were the most significant federal government restructuring efforts in decades.

In the immediate aftermath of 9/11, the president and Congress created a brand new agency—the Transportation Security Administration (TSA) with 55,000 employees—and placed it in the Department of Transportation. Subsequently, Congress pushed for a larger reorganization of federal security functions. This led to the creation of the Department of Homeland Security (which absorbed TSA), which today is the third largest federal agency. Congress also created the Office of the Director of National Intelligence, which serves as a coordinating umbrella function for the 16 agencies that comprise the Intelligence Community.

Following on the heels of these major reorganizations, the Bush administration in 2005 advocated the creation of "results commissions" to offer recommendations to restructure programs and consolidate agencies to be more effective. This effort failed to gain traction.

Obama Reorganization Efforts. Much like the Bush administration, the Obama administration's successful reorganization initiatives were in reaction to events. It did attempt a proactive reorganization effort in 2012, but it also failed to gain traction.

In his 2011 State of the Union address, President Barack Obama said: "We live and do business in the Information Age, but the last major reorganization of the government happened in the age of black-and-white TV." And then he promised: "In the coming months, my administration will develop a proposal to merge, consolidate, and reorganize the federal government in a way that best serves the goal of a more competitive America." Broad reorganization legislation was introduced but did not progress beyond the hearings stage.

In early 2012 President Obama offered a proposal to streamline the government's trade and export functions and then in his 2012 State of the Union address, he asked Congress to "grant me the authority to consolidate the federal bureaucracy so that our government is leaner, quicker, and more responsive." Lisa Brown on his staff was tapped to lead the effort. Targeted legislation was introduced in Congress, but no action was taken. Instead, there were a number of administrative efforts to better coordinate among agencies involved.

However, several event-driven reorganization efforts were successful. For example, legislative initiatives taken in response to the financial meltdown in 2009 also included the reorganization of some financial market oversight functions in the Department of the Treasury but also led to the creation of the Consumer Finance Protection Bureau (CFPB), which is responsible for protecting consumers in the financial sector.

Similarly, the initial failure of the healthcare.gov website led to the administrative creation of a cadre of private sector tech-smart talent that became the U.S. Digital Service, located in the Office of Management and Budget (OMB), with a supporting cadre, 18F, in the General Services Administration.

Trump Reorganization Efforts. President Donald Trump in 2018 offered a sweeping package of reorganization proposals, including a request for congressional reorganization authority. Virtually all of these proposals went nowhere. However, a proposal separate from this package—the creation of a new military branch, the U.S. Space Force in 2019—did pass muster with Congress.

Shortly after taking office in 2017, the president directed OMB to develop a comprehensive reorganization plan, which was ultimately led by the then-deputy director for management, Margaret Weichert. That plan was released in June 2018 and contained 35 specific proposals.

The proposals were prioritized based on a four-part framework that focused on (1) management improvements, (2) organizational alignments, (3) better aligning missions, and (4) urgency to transform. Some were far-reaching—such as better aligning missions by combining the Departments of Education and Labor. Others were narrowly targeted and efficiency-based — such as streamlining small business programs. A CRS analysis concluded that many required legislative approval, but several could be undertaken with existing presidential authority.

In a self-assessment a year later, OMB noted that agencies made progress on initiatives they had authority to act upon, such as the transfer of the conduct of employee background investigations from the Office of Personnel Management to the Defense Department. But initiatives requiring legislative action, such as presidential reorganization authority, were largely stymied. One reorganization success requiring legislation was the consolidation of the Overseas Private Investment Corporation and the U.S. Agency for International Development's development credit authority into a new agency—the Development Finance Institution.

Insights and Lessons Learned. Being bold is hard these days; there's no magic wand. The fundamental observation regarding government reorganization is that it requires both branches and bipartisan agreement. And, that it is more likely to successfully promote a reorganization in response to an urgent problem than to advocate reorganization for reasons of greater efficiency or effectiveness.

Veterans of past reorganization efforts offer sage advice, such as Harrison Wellford, who was an advisor to President Carter's reform initiatives, and Alan Balutis, a former career executive in the Department of Commerce. For example, Wellford cautions that the president must be willing to invest his personal time to achieve a successful reorganization, and Balutis warns of the "mirage of cost savings" that reorganization proponents often claim.

One insight that seems to surface regularly is that creating "virtual agencies" may be a more pragmatic way of achieving greater coordination and collaboration than a formal structural reorganization, but risk impermanence. However, in the long run, using virtual approaches may be more agile, allowing faster shifts in strategy and services in response to rapidly changing policy and operating environments, such as the coronavirus pandemic. To make this work, though, would require a creative legislative role such as allowing agencies to create and use a common sharing platform (such as is being done via shared services for mission support functions), or granting the president greater authority to allow agencies to share resources across agency boundaries, such as was piloted several years ago in the Performance Partnership Pilots for Disconnected Youth.

Episode 3: If history is littered with failed reorganization proposals, what's the practical alternative?

Mission Support

The Evolving Role of Mission Support Leaders in the Federal Government

By John M. Kamensky and Daniel J. Chenok

It started earnestly enough: Congress provided focus, authority, and professionalization for specific, enterprise-wide mission support functions in order to improve government operations.

The Chief Financial Officers Act of 1990 designated agency chief financial officers as the first statutory mission support function in government. These types of specialized leadership roles have grown over time, along with calls for greater authority for their functions. Today, the proliferation of statutory and non-statutory C-suite mission support functions has created a complex web of government reformers. Can or should this web be unraveled? What might the future hold?

Part of the challenge involves naming the role, variously referred to as back office functions, administrative support, mission support, the C-suite, or functional offices. "CXO" reflects a commonly used term for this level of leader—in this essay, we use both CXO and mission support leader.

These functions matter for the success of any effective agency or program. They are often described as the grease that makes the wheels of government turn, and represent about a quarter of the federal workforce. Many of these functions have influenced government reform stories over the past several decades.

Background. A landmark 1983 Report by the National Academy of Public Administration, Revitalizing Federal Management: Managers and Their Overburdened Systems, describes dysfunctions in various mission support functions in federal agencies. Its authors, legendary federal executives Dwight Ink and Charles Bingham, called for more effective and professional mission-delivery leaders with flexibility from administrative requirements, who could delegate discretion over administrative process to functional experts.

Ultimately, Congress took action, but not necessarily as envisioned by Ink and Bingham. Following persistent management failures and a lack of clear leadership in mission support functions, Congress has imposed its own approach on management of the executive branch over the past three decades by centralizing responsibilities for mission support functions within departments via a series of laws that raised their profile, formalized leadership roles, and defined their authorities. In sum, legislation has reflected a gradual philosophical shift from "letting managers manage" to "making managers manage."

Initially, formalizing these roles mirrored similar trends in the private sector, by creating chief financial officers, followed by chief information officers, chief acquisition officers, and chief human capital officers. These "chiefs" have commonly been referred to the as comprising the "C-suite," a common term in the private sector. Each major agency has one of these chiefs, but the reporting structure for these chiefs varies across agencies. Some report directly to the agency head, while others report to a chief operating officer-type role that could be either the deputy secretary, an undersecretary for management or an assistant secretary of administration.

Over the past decade, Congress continued to designate more agency-level chiefs. New laws formalized the role of:

- Chief operating officers

- Performance improvement officers

- Chief data officers

- Program management improvement officers

- Chief evaluation officers

In addition, the Office of Management and Budget (OMB) and sometimes agencies themselves designate other chiefs: chief risk officers, chief learning officers, chief information security officers, chief innovation officers, chief technology officers, and more.

These various "chiefs" come from different professional disciplines, the distinctiveness of which has been reinforced by the creation of cross-agency "chief" councils, such as the:

- Chief Financial Officers Council

- Chief Information Officers Council

- Chief Acquisition Officers Council

- Chief Human Capital Officers Council

Each of these councils is authorized by statute and are generally chaired by the OMB deputy director for management. These statutory councils—and other councils of chiefs not defined by law—often spearhead governmentwide initiatives, such as the CIO Council's development of an inventory of all data centers, which enabled CIOs to commit to greater efficiencies by cutting the number of data centers in half. The councils also share best practices across agency boundaries.

In addition, the President's Management Council (PMC), which as discussed below serves as a cross-agency executive management committee (comprised of agency deputy secretaries and other chief operating officers), provides a senior forum for discussing high-level and cross-cutting mission support issues. The PMC's depth of involvement with the other CXO Councils has varied over the years, in large part based on the extent of the president's interest in agency management issues.

The trend over the past 30 years to designate "chiefs" or "CXOs" of various mission support functions has led to more professionalization of mission support functions and a focal point for accountability for specific mission support activities. However, these chiefs often serve multiple masters, making the role difficult to navigate and contributing to divergent "reform" efforts.

Mission Support Chiefs Serve Multiple Roles. Mission support chiefs reflect different professional disciplines that have their own communities and ways of defining success. While they generally report to the head of their agencies. But in reality, they wear at least three different hats:

- Providing *services* to internal agency customers (such as hiring or installing computers or providing office space by providing services directly vs. shared services vs. contracting out)

- Ensuring *compliance* with governmentwide requirements (such as merit principles, or capital investment guidelines by collecting and reporting on required submissions)

- Providing *strategic advice* (such as strategic workforce planning or financial risk management, and "running interference" with OMB, the General Services Administration (GSA), or the Office of Personnel Management (OPM)

Depending which hat they wear, they may have different customers or stakeholders. For example, if the chief wears a "customer service" hat, their customer may be line managers and employees. If the chief wears a "compliance" hat, their customer may be OMB or OPM. And if the chief wears an "advisor" hat, their customer may be the agency head. These hats are not mutually exclusive, and chiefs often face the challenge of balancing the differences.

The roles of the various mission support chiefs have become clearer over time, and their structure has become more organized across agencies. In fact, GSA now leads a common support office for all the cross-agency CXO councils, and sometimes serves as a convener across the different councils around specific issues.

Mission Support Chiefs Face Competing Objectives. Over time, the newly enfranchised chiefs became perceived by some mission delivery counterparts as self-serving. For example, they viewed the CFO priority around a cross-governmental goal of clean audited financial statements as less important than providing timely financial information to agency program managers. And they viewed various chiefs as more focused on governmentwide goals, such as the 25-point IT modernization plan during the Obama years or "shrink the footprint" plan for agency real estate executives, than on agency objectives.

This tension between serving different masters has been exacerbated by the perception that different chiefs within each agency created their own "fiefdoms" and separate stovepipes, making it more difficult for mission delivery components of their agencies to coordinate across mission support services. For example, a new mission requirement around COVID response might require the coordinated efforts of contracting, hiring, and technology to stand up a contact-and-tracing initiative.

Mission-oriented line managers in agencies have similar perspectives. Mission managers deliver services to the public, such as air traffic control, environmental cleanup, export assistance, disability benefits, or immigration enforcement at the border. These mission managers do rely on mission support functions. However, one former mission manager recently noted that in his experience, "The CXO community is the biggest obstacle to success."

In a series of discussion sessions organized by the National Academy of Public Administration on the role of the CXO community in 2015, several mission delivery managers said that they perceive mission support functions as trying to "punish people and push them around" when CXOs serve in their role as ensuring compliance with governmentwide requirements, or they see mission support as "turf conscious, not solution-oriented, and offering poor customer service," or even "lacking commitment to mission or a collaborative ethos."

Can the Chiefs Better Integrate Their Services to Benefit Mission Leaders? A 2009 study from the National Academy of Public Administration recommended creating cross-bureau governance structures within the Department of Energy to coordinate mission-support activities, such as an undersecretary for management, an operations management council, and a mission-support council. Similarly, the designation of another chief—chief operating officer (or undersecretary for management)— is a solution favored by the Government Accountability Office. This role has now been enshrined in the GPRA Modernization Act of 2010, and serves as a nexus between policy and management.

But new structures and roles alone do not change tendencies to act independently. Chiefs have to connect with one another through formal and informal means, and balance their "three hat" roles. In that context, an operations management council can address cross-functional internal services and compliance functions. For example, mission support executives in the Department of Veteran Affairs hold weekly meetings around common initiatives and address strategic questions such as "do we have the right skills sets?" and "will this training lead to changes in mission performance?"

Likewise, a mission-support council can focus attention on the needs of key mission initiatives. For example, during the Obama administration, the Department of Housing and Urban Development regularly convened a series of meetings around its priority goals and strategic objectives every quarter. These forums, often led by the secretary or deputy secretary, regularly focus leadership attention on implementation—such as to enable place-based programs in communities.

Implications of Trend to Expand Use of Mission Support Functions. In sum, the trend towards greater formalization of various mission support functions has both pros and cons:

Pros of trend:
- Greater professionalization, certification
- Seat at the table as a strategic advisor
- Governmentwide learning networks
- Best practices and rapid diffusion of innovations
- Joint action
- Greater efficiency (e.g., via use of shared services)

Cons of trend:

- Perception by mission managers of more burden than benefit—creating monopolies that are unresponsive to mission managers' priorities

- Removing/fragmenting the authority of mission managers and their accountability

- Stove-piped and uncoordinated actions between CXOs and their independent priorities

- Perceived as process- and compliance-focused, not mission-focused.

Various reform proposals—both in Congress and in the executive branch—would address these tensions, but open questions remain about which direction makes the most sense. In addition, current proposals focus on individual functions, not how they work as an integrated whole. These issues are addressed in a subsequent blog post.

PODCAST *Episode 4: About a quarter of the federal workforce is classified as working in mission support functions, so this is a significant element of government operations.*

Addressing Open Questions About the Future of Chiefs of Mission Support and Their Functions

By Daniel J. Chenok and John M. Kamensky

Three open questions are actively being discussed in Congress and among agency officials in regard to updating the authorities of various CXO and mission support functions.

Statutory and non-statutory mission support functions have evolved over the past three decades, as described in Over the years, there have been calls to resolve some open questions, see, for example the recent proposal to update the 30-year-old Chief Financial Officers Act. These include:

- Should mission support functions be standardizing across agencies and have their authorities strengthening?

- How will competition among mission support chiefs for primacy be resolved?

- Can greater clarity in relationships between mission-support and mission-delivery role be developed?

Standardizing and Strengthening Authorities of Mission Support Functions. Some reform proposals call for standardizing the roles of the various chiefs, to clarify understanding governmentwide. However, complexities beyond the tensions of the three hats make it impractical to standardize job functions. For example, consider how the chief roles fit into the federal government's organizational structure—should they focus on governmentwide priorities via the CXO councils or shared services, or at the department or even bureau level). And given the wide variation in federal departments—the Department of Education has less than 4,000 employees, while the Defense Department has 2.1 million employees (civilian and military combined)—does it make sense for CXOs across agencies to have the same job functions?

With regard to CFOs, a series of studies by the Government Accountability Office, the Partnership for Public Service, and the Association for Government Accountant examined the roles and responsibilities of CFOs and recommended more authority and uniformity in roles and responsibilities. In 2014, a similar call for standardization and increased authority by chief information officers, resulted in the adoption of the Federal Information Technology Acquisition Reform Act (FITARA).

Viewed independently, calls for standardization and centralized authority from a governmentwide perspective make sense—but from the perspective of top agency leaders and program managers, adopting these recommendations could challenge their authority to deliver on agency mission. During the Bush administration, one departmental CIO gave a bad rating to a bureau CIO for not delivering timely quarterly reports due to OMB, which would affect the department's scorecard—but the bureau chief gave the bureau CIO a top rating for integrating the IT systems of two offices being combined under a tight timetable, which ensured continuity in mission operations.

Competition Among the Chiefs for Primacy. Most mission support chiefs want to report directly to their agency head, to cement the importance of their role and function. However, with the proliferation of newer chiefs, some long-standing chiefs have proposed that they oversee some of these newer functions. For example, the CFO community is proposing in pending legislation that they "own" functions such as performance management and risk management. Acquisition chiefs often call for their ownership of program management and grants management. And CIOs have gained authority to control IT investment budgets, but some also call for more consistent oversight of IT personnel authority, cybersecurity, and data management.

Since the authority of various mission support chiefs differs between agencies, some of these reporting relationships may already exist; however, the legislative push to define their scope and standardization has led to tension between different professional disciplines involved in the various mission support functions. For example, functions that seem logically related (e.g., performance management, program management, and program evaluation) draw from different professional disciplines with different views of how to administer their respective roles.

Creating Greater Clarity in Relationships Between Mission-Support and Mission-Delivery Roles. The creation of the role of chief operating officers as the integrators or bridge between mission support and mission delivery leaders offers potential solution to the perceived lack of connection. In addition, the COOs could serve as a convener to overcome perceived stovepipes across the different mission support functions.

A central tension underlies this issue. Do mission support functional leaders take the load off of mission delivery leaders who can then focus on mission-critical issues? Or has the mission support role removed the ability of mission delivery leaders to control key aspects of their jobs, such that they cannot deliver on their mission because of a greater priority on efficiency and compliance?

Interestingly, since 2013 GSA has administered an annual survey of mission delivery leaders asking for their insights on specific mission support issues. GSA shares survey results with agency COOs to compare with peers in other agencies, and to resolve issues within their own agencies. With the benchmarking data, agency leaders can compare their own data to other similar agencies and see—often for the first time—their full performance picture in terms of the cost and quality of their mission support services. They can then ask evidence-based questions and strategically assess trade-offs. For example, the Department of Energy used results from the benchmarking initiative to quantify high costs in bureau human resource operations in 2013. This led to a decision to centralize human resource operations, resulting in cost reductions of 26 percent by 2015.

Potential Initiatives Over the Next Four Years. The various mission support communities have matured over the past three decades as valuable contributors to the support of missions within and across agencies. They have balanced their different roles and made real progress in improving operating efficiencies, saving billions of dollars via their initiatives.

The story of mission support functions over the last several decades points to new opportunities with potential to improve mission results for their agencies and governmentwide that should help resolve the open questions raised above. Several such ideas follow.

Potential Agency-Level Initiatives

Departmental chief operating officers should become "mission champions." COOs could more directly coordinate the mission support chiefs on behalf of agency mission and program executives, serving as the mission champion. They would continue to focus on initiatives to gain greater efficiencies in mission support services, but not at the expense of strong support for mission managers.

Mission support chiefs should collaborate among themselves and with mission delivery executives. The collaborative operations management council approach that spans mission and mission support roles, such as one used in the Department of Veterans Affairs, could be a model for other agencies, as could the "HUD-Stat" approach that was used in the Department of Housing and Urban Development.

Ensure transparency to the chiefs' various stakeholders. Former OPM chief operating officer Chuck Grimes notes that his agency created a dashboard of key mission support measures, such as "time to hire" or "veterans hiring," and made the data widely available. He says this helps program managers make better decisions because they have immediate access to useful data.

Engage chiefs' stakeholders in defining what constitutes value to missions. The Department of Transportation's former chief human capital officer, Brodi Fontenot, says his agency sponsored an "ideation platform" to engage employees in joint problem solving, much like the Transportation Security Administration's "Idea Factory." At the Department of Housing and Urban Development, former chief information officer Jerry Williams says the leadership used regular meetings of top executives to jointly address mission challenges, such as reducing homelessness.

Potential Cross-Agency Initiatives

Engage the President's Management Council. The President's Management Council (PMC), comprised of the chief operating officers of the 24 largest agencies, could serve as the overall champion for mission support functions. The PMC could create operational linkages to each of the cross-agency councils, and an agency PMC member could be an executive sponsor for each of the councils. Each council would report on their strategic planning efforts to the full PMC, as well as periodic progress reports. OMB staff would similarly align with each council and the PMC. This would allow the PMC to better leverage existing cross-agency structures and integrate across functions.

Re-Introduce the Quad Council. In the late 1990s and early 2000s, leaders of the four councils of chiefs that existed at the time—finance, information technology, acquisition, and human capital—came together as the "Quad Council," which worked with OMB to leverage cross-agency mission support activities that supported a number of e-government initiatives. This model provides an interesting lens to view the issue of collaboration across professional disciplines from a governmentwide perspective as well. The existing GSA support office for the councils could serve as a natural focal point for such an effort.

Develop cross-functional, integrated management improvement agendas. The chiefs each have their own, independent management improvement initiatives. They could also serve as the integrators of certain initiatives. For example, efforts over the past few years to reduce federal agencies' use of real estate has a human capital component (via telework strategies), a technology component (relative to connectivity of employees), and financial and acquisition components (related to investments needed to pursue such a strategy). This all came to the fore quickly with the shift to distance work arrangements earlier this year.

Support cross-agency mission-oriented initiatives. Increasingly, agencies work across organizational boundaries to solve major public challenges, such as climate change and food safety. Mission support for these efforts has largely been ad hoc. The cross-agency councils could undertake efforts to develop approaches to provide mission support functions for these initiatives in ways that ensure appropriate accountability and efficiency.

PODCAST

Episode 5: How can mission support functions better work with mission delivery functions in agencies?

2

STRATEGIC APPROACH

Governmentwide Mission Support Reform Initiatives

- Overview
- Performance and Program Management
- People and Talent
- Information Technology
- Acquisition Reform
- Financial Management
- Regulations

OVERVIEW

Governmentwide Mission Support Reform Initiatives

Many of the federal government's reform initiatives in recent decades have focused on mission support functions—human resource management, financial management, performance management, technology management, data management, and more. While governmentwide in scope, they targeted a particular set of activities and professional capabilities. Largely invisible to the public, they comprise more than a quarter of the federal workforce and strongly influence the ability of agency mission leaders to be successful.

The various mission support communities have matured over the past three decades as valuable contributors to the support of missions within and across agencies. They have balanced their different roles—service delivery, compliance, and strategic advisors—and made real progress in improving operating efficiencies, saving billions of dollars via their initiatives.

How to get started.

The critical success factors described earlier in the Introduction—creating a compelling case, leadership, and prioritizing—apply to initiatives that focus on mission support functions as well. But developing reform initiatives that involve mission support functions often involves constituencies outside government that make the case for reforms within their specific functional areas. Historically, this has led to some important statutory changes that lock in executive branch-led reforms.

A key consideration for success: Build on, rather than start over, where possible. For example, the federal performance management system has undergone both legislative and administrative reforms over the years, building on lessons learned in prior administrations. Another example is the development of shared services—centrally providing services common to all agencies such as payroll, travel, grants management, and human resource management. This began in the early 1990s and is currently scaling across the government in different mission support service functions.

How to get action on reform proposals.

Mission support initiatives with statutory underpinning often include a governance structure. This typically includes designating a "chief" for a particular area—financial management, IT, personnel, procurement, etc.— in each agency, and a cross-agency council of chiefs for each area to develop joint governmentwide implementation strategies. For example, the Chief Financial Officers Act of 1990 created chief financial officers in each agency and a governmentwide chief financial officers council. This approach to strengthening a perceived weak administrative function succeeded and has been replicated many times over the past 30 years.

How to achieve sustainability of reforms over time.

Many of the statutory C-suite functions require specific routines and activities—plans, data collection, reports, etc. They face two challenges. The first is to make these routines and activities meaningful to mission delivery leaders, and not just compliance exercises to meet audit requirements. The second is for the various C-suite functions to work together on behalf of mission delivery units. Collectively, they can reduce tensions with mission delivery units who may value the role of C-suite in providing needed services, but not the administrative burdens related to the complexities and mandatory reporting requirements imposed on C-suite activities.

Performance and Program Management

Performance Management: An Emphasis on Accountability

By John M. Kamensky

> *When agencies see themselves being held accountable for their performance, they oftentimes set timid goals and targets.*

April 23, 1998. A bipartisan summit, of sorts, on the implementation of the Government Performance and Results Act (GPRA) was being broadcast by C-SPAN and I had been tasked with drafting Vice President Al Gore's remarks. The summit was hosted by the National Academy of Public Administration and the Council for Excellence in Government and included the House majority leader, Richard Armey, as well as one of GPRA's lead Senate sponsors, Senator John Glenn.

At the time, Armey—at the direction of Speaker Newt Gingrich—had recently finished leading a task force of House committee members in scouring federal agencies' first-ever strategic plans and challenging them to be more results-oriented. While this review effort was largely seen by the media as a political exercise, it actually engaged members of Congress with agency strategic plans.

Gore talked about how the decline of trust in government is linked to a perceived lack of government performance and that "we can help redeem the promise of self-government [so that citizens will have] healthier levels of respect for what we have accomplished . . . it's a matter of performance, not politics." He also said we need to "shift discussion from preparing plans to using plans . . . Our challenge is to make the Act work."

What was the media's reaction to the whole event? They said Gore gave an impossibly wonky speech. . . . and I was never asked to draft another one for him again!

Background. The more significant matter coming out of that event was—what were these plans and subsequent performance reports going to be used for, and who was the target audience for using them? It was clear that Congress was interested in using them for accountability purposes.

At the time, the Congress was dominated by Republicans who decided to use the GPRA law (which they dubbed "the Results Act") to force agencies to be clearer about what they were trying to achieve. The biggest pushback from agencies was that they wanted to focus on what they could produce—outputs like the number of Social Security checks issued—versus outcomes that agencies were trying to achieve, such as reduced poverty among elderly as a result of incomes supplemented by Social Security. Agencies felt they should be held accountable for outputs, over which they had control, but not outcomes—which they could only influence but not control.

A Congressional Focus on Accountability. Agencies were afraid of looking bad. In fact, in Gore's remarks, he said, "There has been a great deal of reluctance among many agencies to commit to goals over which they have little real control." In fact, managers in one agency told me that their leadership directed that personal performance targets should be set at 15 percent below of what they felt was achievable, so they could be assured of meeting their targets when reporting to Congress. That wasn't the right approach.

Stretch goals were touted as a better practice for improving performance. Yet agencies that did set stretch goals, such as the National Highway Traffic Safety Administration, were punished by congressional appropriators for missing stretch goals, such as increasing the percentage of drivers wearing seatbelts. Seeing this response by Congress, many agencies lowered their targets and their profiles.

A Presidential Focus on Performance Accountability. In 2001, the incoming Bush administration decided to double down the focus of the performance system on accountability. It created public scorecards for the performance of management systems—using a red-yellow-green stoplight approach. In addition, it scored each of more than 1,000 individual government programs on a 100-point scale as to their effectiveness. These scores were made public.

The philosophy of Clay Johnson, Bush's head of management initiatives, was that "shame and humiliation" was an effective way to spur improvement in performance. And to some extent, it did, but that system was dismantled in 2009 by the incoming Obama administration which had a different philosophy for driving performance improvement (see the next essay in this series).

A Current Example of Performance Accountability in Action. The emphasis on accountability, transparency and targets still has its adherents and it can work in specific circumstances—mainly in programs that are fairly stable and have a set of routines that can be directly controlled, such as processing grants, licenses, or benefits. These are largely output-oriented programs.

For example, the Veterans Benefits Administration (VBA) has put in place a leading example of how to use clear goals, priorities, and publicly available information to drive performance across an organization of 25,000 employees. In a January 2020 presentation at the National Academy of Public Administration, Undersecretary Paul Lawrence described three priorities in improving VBA's performance and accountability.

- First, he said the clear goal is that "we are all in" on getting benefits to those who have earned them. VBA has eight lines of business, such as the GI Bill, home loans, pensions, and disability benefits. Lawrence reports quarterly on the progress of each in a live webcast, with commitments on what to expect in the coming quarter.

- Second, stewardship of taxpayer dollars involves ensuring the benefits awarded are deserved and in the correct amount. Lawrence says there is a rigorous quality control process to ensure benefit examiners are meeting standards. He has instituted an incentive program, giving business lines challenging performance targets and if they are met, with the right level of quality, then employees are granted an extra day of vacation.

- And third is increased collaboration with partners and stakeholders. Since Lawrence doesn't control all the elements needed for success, he has worked internally with the departmental chief information officer to modernize the benefits determination process, and externally with stakeholders via 2,500 outreach events with veterans and their organization—500 of these were with homeless veterans.

What's been the progress? In 2013, there were 611,000 cases for benefit determination in the backlog que. By November 2019, it was 64,800. Lawrence says that veterans are getting benefits faster and are waiting less time, and that in the coming year, the targets for performance will be ratcheted upward.

The Bottom Line Lesson. Using clear goals, performance information, transparency, and targets to highlight accountability can be a powerful tool to drive output-oriented performance (such as the approval of a benefit), especially in clearly-defined and stable program areas. But since "results" are not just the outputs of a particular program, and there is not always a stable program environment, there are different approaches used in other parts of government. The next essay will highlight an alternative approach being used.

PODCAST

Episode 6: How did the "unit of analysis" for assessing government performance evolve, and what does that mean for leaders today?

Performance Management: An Emphasis on Learning

By John M. Kamensky

> *When agencies use performance information to learn what works and how to improve, they tend to use it more readily to make evidence-based decisions.*

It was an early morning meeting in the New York City Police Department's cavernous meeting room in the mid-1990s, filled with police officers, but also with support staff, analysts, representatives from the city's housing police, the transit police, the district attorney's office, and more. Legendary Police Commissioner William Bratton presided at one end of the U-shaped table with a podium in the center and two screens behind. A precinct commander for one of the city's 77 police precincts was at the podium.

Watching this scene was instructive. Bratton had a summary sheet of data on what was going on in terms of crime, arrests, and training of officers in each precinct and called precinct commanders to the podium on a regular basis to question them about progress and problems. While it looked intimidating, it was not just an accountability exercise, it was a problem-solving session. One commander was asked why his officers were not on bike patrols and he said they hadn't been trained. Bratton turned to the department's HR director and barked "train them by next week."

Bratton wanted not only to hear from his officers, but also to ensure he could help them bust bureaucratic barriers within his department as well as across the tangled law enforcement landscape across the city. And his small team of analysts kept digging through the data. For example, they found petty crime peaked on the subway system between 3 and 5 p.m.—when teens were out of school but before their parents got home from work. So, Bratton boosted patrols in the subway system during those hours and petty crimes went down.

Overall, his novel approach—called CompStat—reduced major crimes in the city by 39 percent within two years after it was introduced in 1994. And his approach quickly spread to other city departments, to other cities, to state governments, and ultimately to federal agencies.

Approach Spreads at State and Local Level. Baltimore mayor, and later Maryland governor, Martin O'Malley pioneered using this approach across entire governments, which he dubbed as CitiStat and his use of this approach became part of his signature leadership style that was seen as results-oriented.

Harvard professor Bob Behn dubbed the broader trend in the use of this approach as PerformanceStat. In his observations, he felt there is too much of a focus on the visible features of PerformanceStat (data, projectors, meetings) versus sorting out the underlying cause-and-effect of how it works. He concluded that it is better seen as a leadership and learning strategy, not a standardized, mechanistic system.

He defined PerformanceStat as: A leadership strategy that is designed to achieve specific public purposes, where the leadership team persists in holding ongoing series of regular, frequent, integrated meetings.

At these meetings, the leadership team:
- Uses current data to analyze specific, previously defined aspects of recent performance

- Provides feedback on performance versus targets

- Follows up on previous decisions and commitments to produce results and learn from efforts to improve

- Identifies and solves performance-deficit problems, and sets the next performance targets

Adoption at the Federal Level. At the federal level, the PerformanceStat approach has been used effectively as well. For example, in 2010, the Department of Housing and Urban Development joined with the Department of Veterans Affairs with the audacious goal of eliminating homelessness among veterans by the end of 2015. It used the PerformanceStat approach to target efforts in 21 communities with the largest number of homeless veterans. Both departments sent in joint, top-level teams into each of the 21 communities, developed a 100-day plan of action, and worked across organizational boundaries to overcome barriers in order to meet their goal.

The deputy secretaries held joint PerformanceStat sessions to both understand and jointly solve problems. For example, HUD provided housing vouchers to veterans, but analysts found they were not being used. After some investigation, the analysts realized that to rent an apartment required a security deposit, and the voucher program could not legally provide those monies— but VA had funds and authority to do so, and once this was figured out, the number of vouchers being redeemed went up—and homelessness went down. While HUD and VA didn't meet the goal to eliminate homelessness among veterans, they substantially reduced the number.

In recent years, the PerformanceStat approach has been used episodically across federal agencies as a leadership strategy, oftentimes by deputy secretaries in their role as their department's chief operating officer. However, a variant of PerformanceStat as a learning and problem-solving approach has evolved across all agencies.

Agency Strategic Reviews. Since 2014, the top leadership of each federal department and major agency holds a strategic review each spring, meeting with the Office of Management and Budget (OMB) to discuss the progress of their strategic objectives—the core building blocks and primary units of analysis of their four-year strategic plans. Governmentwide, these strategic reviews cover over 300 strategic objectives. Agencies and OMB jointly assess progress in order to inform next steps in budgeting, changes in implementation strategies, or other operational and administrative actions to improve program and organizational performance.

The reviews are ways to learn what works and what changes may be needed to improve. Both OMB and agency leaders find the review process helpful. The reviews consist of both a core set of analyses and assessments of progress of agency strategic objectives that are stable from year to year, and special areas of focus that change from year to year. For example, OMB's guidance for the strategic reviews in 2018 highlighted three areas of special attention: mission assessment, risk assessment, and management priorities. In 2020, the special attention included agency progress in developing their new statutorily-required "learning agendas" and how these agendas can be used to inform the development of the next cycle of four-year agency strategic plans, due in early 2022.

The Bottom-Line Lesson. While accountability-focused performance management is a powerful tool for driving change in certain settings, learning-focused performance management also can be a powerful tool because it concentrates on evidence-based, joint learning among participants about understanding what works, and why, and what actions are needed to solve performance problems.

The GPRA Modernization Act of 2010 institutionalizes a set of routines—quarterly reviews of agency and cross-agency priority goals, annual reviews, and assessments of strategic objectives —and designates responsible officials for overseeing them. These routines can be a platform for either accountability-based or learning-based approaches to performance management at the tops of agencies. But what works best at lower levels in large organizations?

Key Lesson and the Next Challenge. Top leaders in federal agencies have embraced the use of evidence-based learning routines reflecting the principles of PerformanceStat over the past decade. The key lesson has been that continuity in the use of a defined administrative routine makes a difference in achieving performance improvement.

The next challenge for agency leaders today is to find ways to cascade the use of these types of evidence-based learning routines down within their organizations to frontline managers.

The trick will be to get front line managers to see value in fostering a learning-driven problem-solving approach to improving performance. But this has not been easy. For more than 20 years, the Government Accountability Office has periodically surveyed front line managers as to their use of performance information and it has typically been only about one third who respond positively.

Fortunately, the recently passed Evidence Act and the increased availability of performance information that is more granular, real time, predictive, and intuitive could make it more likely that line managers will use it as a learning tool and tie it to how they solve problems in their day-to-day work, such as making better decisions on administering benefits, improving traffic safety, or reducing crime.

PODCAST

Episode 7: New authority to work across agency boundaries allows agencies to jointly address common challenges—and learn ways to get better results.

The Government's Program Management Story—Taking a Cue from The Big Screen

By Daniel J. Chenok

"The Breakfast Club" is more than a film from days long past—it also played a key role in helping government build program management capability!

The federal government provides critically needed services through programs in each agency across the nation each day, to a scale of millions of people. Families receive Social Security checks, students receive support to attend college, small businesses receive loans—the list goes on and on. At the same time, the very scale of government services means that a problem in program delivery impacts a very significant portion and geographic scope of the nation. And such problems echo as advocacy groups, oversight bodies, and media raise legitimate questions about what went wrong, even given the context of so much that goes right in government.

Early Focus. Longstanding program management concerns have been reflected throughout the existence of the Government Accountability Office's (GAO) High Risk List, an issue raised by noted public management professor Don Kettl in an IBM Center report on how agencies can get off GAO's list. The Office of Management and Budget (OMB) provided guidance on effective program management in early guidance for capital projects in the Capital Programming Guide which continues to be informed by success on large programs at the Defense Department; and for IT projects in the Exhibit 300—which was initially an effort to adapt commercial best practice in IT management to government rules. But despite these and similar efforts, substantial program management issues continued in large programs including the Coast Guard Deepwater, the Navy Marine Corps Internet, and modernization efforts for federal retirees and at the Internal Revenue Service.

Against this backdrop, a group of current and former government leaders began to meet informally around 2005 at the Council for Excellence in Government (which has since closed) to develop principles and practices for agencies to build skills and capabilities for managing large programs. We talked over breakfast monthly, hence the moniker of "The Breakfast Club"—many contributed to this initiative, which was led by a core group that included Alan Balutis, Greg Giddens, Stan Soloway, Jim Williams, and myself. The group eventually published a report with key findings and recommendations, summarized in this 2017 article.

The Impact of HealthCare.Gov. As government continued to evolve its capacity to better manage programs over time, a turning point in the understanding of the importance of strong program management cam with the troubled launch and recovery of the healthcare.gov website and systems in 2013. This event and its aftermath have been well-chronicled, with many findings that a key failure stemmed from poor program management for an initiative of this scale and visibility. Among the after-action reviews was a congressional hearing that included recommendations for improved program management, such as the "7S for Success" framework from the American Council for Technology and Industry Advisory Council (ACT-IAC) (and continuing the theme, the 7S framework was originally conceived of by a group of ACT-IAC government and industry leaders over breakfast at a corner bakery in downtown Washington). And one of the enduring outcomes of the government's historic effort to repair the website and program directly contributed to the establishment of the U.S. Digital Service to help agencies succeed on large IT programs.

Congress Steps In. These activities raised congressional interest in how best to improve management of government programs, informed by studies from the Project Management Institute and the National Academy of Public Administration. After more hearings and discussion with Congress, a bipartisan group of congressional leaders introduced the Program Management Improvement and Accountability Act (PMIAA), signed into law in December 2016. This law enacted many recommendations and lessons learned from efforts like those described above:

- Establishment of a Program Management Policy Council

- Standards and policies for agencies consistent with widely accepted standards for program and project management planning and delivery

- Engagement with the private sector to identify best practices in program and project management that would improve federal program and project management

- Portfolio reviews to address programs identified as high risk by GAO, including reviews of agency programs at least annually to assess the quality and effectiveness of program management

- Office of Personnel Management (OPM) regulations to: (1) identify key skills and competencies needed for an agency program and project manager, (2) establish a new job series or update and improve an existing job series for program and project management within an agency, and (3) establish a new career path for program and project managers

OMB has since worked with agencies to implement this important statute, continuing to bring best practice to agency program management. More studies contributed to OMB's understanding of how to frame its guidance on implementing the statute, including a further report from NAPA and an IBM Center report by Janet Weiss with the University of Michigan.

Lessons for Leaders Going Forward. The ACT-IAC report remains a solid a framework of program management lessons learned for agencies, addressing such lessons in its "7S" approach which advocates that a successful government program involves:

- Stakeholder commitment and collaborative governance

- Skilled program manager and team

- Systematic program reviews

- Shared technology and business architecture

- Strategic, modular, and outcomes-focused acquisition strategy

- Software development that is Agile

- Security and performance testing throughout

Lessons learned on a broader scale are laid out in the 2017 article cited above from the Breakfast Club, focusing on the need for leadership support of program managers, clarity of responsibilities and accountability for results, professional development and change management training for emerging program management leaders, and the importance of forums for sharing best practices, such as the one authorized in the PMIAA. Whether through this framework or the many other efforts to help government program management improve, this issue will continue to resonate as a key element of government performance in the near and far future—which may involve more breakfasts to help address issues to come.

PODCAST

Episode 8: How veteran former government leaders helped promote better program management and championed a new law.

People and Talent

Empowering the Federal Workforce to Get Results: Then and Now

By John M. Kamensky

> *Moving to distance work arrangements has suddenly shifted from a "nice to have" to an agency's "continuity of operations" survival in the age of coronavirus.*

However, as IRS managers have found, this is an uncomfortable shift because it involves a culture change for managers. They have to trust their workers to do the right thing and empower them with the information, training, and tools to do it.

This discomfort is not a new challenge. In 1993, the Clinton administration's reinventing government initiative set out to empower employees to work in ways that would improve customer satisfaction and better achieve mission results. Its premise, though, was that the federal government was overstocked with too many supervisors and "systems control" staff to support them, and that they were barriers to effective operations. In fact, the reinventing government team referred to them as the forces of "over-control and micromanagement" and that they needed to be pared back significantly.

By the end of the Clinton administration, the federal workforce had been pared back to the smallest it had been since the Eisenhower administration in the 1950s. But today, the federal workforce has returned to the size it was before the Clinton downsizing efforts.

What was intent of the reinventing government empowerment effort via downsizing, and what are lessons for the shifts in today's workforce to "reskill" and to empower employees to better achieve results? The imperative to reimagine how work gets done has a new urgency.

The Big Idea. Perhaps the most controversial recommendation made by the 1993 reinventing government initiative, officially called the National Performance Review (NPR), was its proposal to reduce the 2.1 million civilian federal workforce by 252,000 (later raised by Congress to 272,900) over a five-year period.

This recommendation ran directly counter to a well-regarded 1989 study by Mark Goldstein that decried the "hollowing" of government and warned about the "incapacitating consequences of continuing austerity" for federal agencies.

NPR recommended cutting in half the number of supervisors and "system control" staff (e.g., personnel, audit, finance, legal, procurement – now referred to as "mission support" staff), in part by doubling the span of control of supervisors from an average of a 1:7 ratio to a 1:15 ratio.

The rationale of the NPR recommendation was: "Working toward a quality government means reducing the power of headquarters vis-vis field operations. As our reinvented government begins to liberate agencies from over-regulation, we no longer will need 280,000 separate supervisory staff and 420,000 'systems control' staff to support them. Instead, we will encourage more of our 2.1 million federal employees to become managers of their own work."

The report went on to conclude: "Put simply, all federal agencies will delegate, decentralize, and empower employees to make decisions. This will let frontline and front-office workers use their creative judgment as they offer service to customers and solve problems."

The reductions were premised on a parallel reduction in statutory and regulatory requirements. Such as streamlined hiring, simplified acquisition requirements, and reengineered work processes that would shift the emphases of employees from compliance with outdates rules in order to improve customer service delivery. The report encouraged "the use of employee empowerment, self-managed teams, simplified control structures, and better use of information and communications technology."

But Then Reality Intervened. Broadly, the idea was to reduce the total number of supervisors and systems control staff in half—from about 700,000 to 350,000—by shifting about 100,000 from headquarters to field to improve customer service, and to allow the remaining 250,000 to take a buyout or retire over a five-year period. The goal was that the federal government's overhead staff—about 30 percent of the workforce—should parallel the overhead costs in the private sector—about 15 percent of a corporation's workforce.

Members of the President's Management Council—agency chief operating officers, mainly comprised of departmental deputy secretaries—were charged with developing plans for their agencies since they were in a position to know the best way to cut administrative costs while improving performance.

Prior to NPR, streamlining efforts directed by central management agencies had involved across-the-board cuts. While these efforts led successfully to temporary cuts in staffing, they did not result in improved performance and left behind many of the same problems without changing the culture.

But the "thoughtful" cuts did not happen as envisioned. Congress intervened, mandating cuts at a faster pace, without providing the flexibility envisioned by streamlining personnel or acquisition requirements. Agencies tended to cut field staffs, not headquarters. They also were not strategic in their cuts—for example, cutting the personnel offices first, when the demand for their services

in processing buyouts, retirements, and transfers were the highest. Also, federal "bumping rights" allowed more senior people to retain their jobs if their positions were eliminated by taking another less-senior job even if they were not qualified for that less-senior role. One apocryphal story was that a scientist replaced a mailroom clerk so he could stay on long enough to qualify for retirement benefits.

What Were the Long-Term Consequences? The long-lasting effects of the downsizing initiative was that many agencies froze hiring in certain professional fields, such as acquisition, for years and that created cohort gaps so that 15 or 20 years later, there was a smaller pool of seasoned employees to serve in senior management roles.

There was also a residual bitterness by some who were affected by the downsizing initiative, even if they remained in the civil service for the rest of their careers. For example, Jeff Neal, who at the time was in the Defense Department and later was the chief human capital officer at the Department of Homeland Security, recently wrote about the current problems of the Office of Personnel Management (OPM) stemming from NPR: "OPM's problem is not its people, nor is it the Civil Service Reform Act that created the agency, or the changing nature of the federal workforce. The real problem is that OPM was basically gutted by the National Performance Review (NPR) in the name of "reinventing government" between fiscal 1993 and fiscal 1996. . . . The NPR branded OPM as a 'systems control' agency and slashed its budget and staffing and that was supposed to lead to great things happening."

Steve Kelman, who headed federal procurement policy initiatives during the reinventing government period, reflected on this as well: "The events of 1993 launched major changes in the procurement system, which has continued to evolve in the past 25 years. In general, that evolution has seen the procurement culture shift its focus from compliance to performance, yet despite that shift, it is hard to say that the system's performance has improved." He continued, noting, "The reinvention that produced a procurement system more oriented toward performance was also the one that produced cutbacks in the procurement workforce, which prevented improvements in the system from being translated into better performance."

Lessons Learned. For me, the biggest lesson was that a strategic idea—empowering frontline employees—doesn't easily translate to on-the-ground implementation in a large, diverse, and decentralized government. Implementers in agencies will superimpose their own priorities within a broad range and focus their compliance on an easily-measured bottom line—personnel cuts as an end in of themselves, not the less-easily measured goal—shifting authority and empowering frontline workers.

This lesson is currently front and center with the sudden shift by agencies to telework as a result of the coronavirus pandemic. There is a growing likelihood that the model for work in the foreseeable future will continue to involve telework. But how will agencies adapt? Studies on effective telework says that managers will have to empower and trust employees to do the right thing, and use measurement and feedback as their management tools, instead of direct, physical observation. This works in many private sector settings, as well as in some of the long-time pioneers in the use of telework in the federal government, such as the Patent and Trademark Office.

So, the reinventing government goal of empowering employees to deliver results on their agencies' mission may get implemented—in a different way, for a different reason, in a different time.

PODCAST

Episode 9: Did efforts to reduce "overhead" staff better empower frontline service delivery staff?

Empowering HR and the Managers: Lessons from the Bush Administration

By John M. Kamensky

While the reinventing government effort in the 1990s sought to empower frontline workers, subsequent reform efforts sought to strengthen the role of human resources and managers.

In early 2001, the Government Accountability Office (GAO) designated "Strategic Human Capital" as one of the federal government's high risks for potential failure. This issue is still on its list today, even though there have been concerted efforts by subsequent presidential administrations to address the issues raised by GAO.

GAO's concerns at the time were that agencies did not:

- Strategically plan for their current and future human capital needs

- Create succession plans to ensure leadership continuity among career executives

- Acquire and develop staff with skills needed to deliver agency missions

- Create a results-oriented organizational culture

The PMA Scorecard. The George W. Bush administration announced in August 2001 that strategic human capital would be a key part of its broader President's Management Agenda (which was discussed earlier in an essay by Dan Chenok in Strategic Approach 1).

The Bush Strategic Human Capital element was one of five sets of criteria scored quarterly on a green-yellow-red scorecard used to rate the progress of each of the major agencies. The human capital scorecard used a set of seven criteria to rate an agency as "green," including:

- Develop comprehensive strategic workforce plans and link them to annual business plans and individual performance to achieve organizational goals.

- Put in place performance appraisal plans for senior executives and managers that link to agency mission, goals and outcomes, and effectively differentiate between high and low performers.

- Put in place succession strategies for career executives.

- Significantly reduce skill gaps in mission critical occupations and competencies.

Many of its criteria were in direct response to GAO's concerns and the scorecard served as a guide for the eight years of the Bush administration.

Beyond the Scorecard. In addition to the scorecard, the Bush administration undertook several other human capital initiatives that helped empower agencies' human capital functions in an effort to address weaknesses identified by GAO and others. Some initiatives reflected the administration's ideological leanings, such as eliminating the labor-management partnership councils created under President Clinton and a push for contracting out functions that could be seen as commercial in nature.

Not all of these initiatives bore fruit, but it is worth highlighting them to understand the context for future personnel reform efforts, and lessons for future reformers. The initiatives that were institutionalized include:

- Formalized the role of chief human capital officers and created a cross-agency council via legislation

- Legislated the annual Federal Employee Viewpoint Survey as a way to understand frontline employee perceptions of their work culture, workplace, and managers

- Revised the senior executive service personnel rating system to focus it more on the achievement of agency mission results and differentiations between high and low performers

- Created the Human Capital Line of Business (which eventually became a component of the Shared Services initiative underway today) to allow agencies to share common HR services instead of develop their own systems

- Created the Human Capital Assessment Accountability Framework (which became the Human Capital Framework in 2016) that allows agencies to self-assess against government-wide standards

The first two were legislated; the remaining three were acted upon administratively. In each of these cases, efforts were made to engage stakeholders in supporting the development and implementation of these initiatives.

Several bolder Bush proposals to reform the governmentwide civil service pay and classification system were never acted upon, largely because of the inability to gain consensus among stakeholders. This inability to undertake broad civil service reforms preceded and followed the Bush administration, largely because of an inherent conundrum reflected at a 2006 GAO-sponsored forum: "A governmentwide framework should balance the need for consistency across the federal government with the desire for flexibility so that individual agencies can tailor human capital systems to best meet their needs."

Pay for Performance: A Success That Failed? In addition to its scorecard and governmentwide efforts, the Bush administration invested substantial energy in targeted efforts to create pay-for-performance systems for civilians in the Departments of Defense and Homeland Security (with the intent to expand them to other agencies). These were put in place but reversed after he left office.

In August 2004, the Office of Personnel Management and the Office of Management and Budget issued regulations establishing rules for a new pay-for-performance system for senior executives. Pay levels and pay adjustments for thousands of executives are now determined by the evaluations earned under appraisal systems that make meaningful distinction based on relative performance. The incentive for agencies to participate was that, if agencies certify that they comply with the regulations, they could pay their executives more than the statutory ceiling on pay.

In parallel, nearly 60 percent of the federal civilian workforce was authorized by law to be subjected to similar links between pay and individual performance. The Homeland Security Act of 2002 creating the new Department of Homeland Security also granted the authority to establish a new personnel system that would have based all individual pay increases on performance. Similar changes were adopted by the Department of Defense under the National Security Personnel System. In late 2007, OPM reported that nearly 300,000 employees were covered by a performance pay system. It concluded that the initiative was successful, but that "agencies need to monitor and focus more closely on their implementation efforts."

This move to performance pay was supported by a 2003 GAO report that described the characteristics of organizations that have successfully linked individual performance to organizational success. It examined high-performing organizations that were early adopters of this approach and saw linking performance and pay as a way of ". . . fundamentally changing their cultures so that they are more results-oriented, customer-focused, and collaborative in nature . . . high-performing organizations have recognized that an effective performance management system can be a strategic tool to drive internal change and achieve desired results." In addition, a 2004 IBM Center report by Howard Risher provided a guide for managers on the transition to a performance pay system.

However, GAO also cautioned that agencies that pursue this approach must have "modern, effective, credible, and validated performance management systems" to both protect workers and ensure accountability. This caution was the downfall of the initiative and a lesson for future reformers. Initiatives that work in selected environments may not work more broadly because an organization's underlying culture and operating environment have to be seen as trusted by employees before they will accept a performance appraisal system that makes distinctions with personal consequences, such as pay.

Did these pay-for-performance initiatives fail because of poor planning and execution? Or did they fail because the concept of linking pay to performance is flawed?

A 2009 article in *FCW* that assessed the initiatives' failure, stated: "One of the most common complaints from employees is that their job objectives are too broadly defined to be measured in a meaningful way, which gives managers a lot of subjective latitude when it comes to rating performance. . . . The result is that many employees feel as though there is little connection between their performance on the job and the assessments they receive."

This seems to imply "poor planning and execution" may have been the underlying cause for the failure—it wasn't the concept of pay-for-performance but the inability of managers and employees to clearly define the work and expectations. This circles back to GAO's high risk designation and its admonition that agencies need to create results-oriented cultures.

Lessons for Today's Distance Work with COVID-19. While there are few efforts in the federal government to pursue pay-for-performance, the lessons of its implementation challenges are relevant today. Defining an employee's work more concretely suddenly becomes important because a majority of the federal workforce is working from home as a result of the coronavirus pandemic. Best practices for effective distance work arrangements typically emphasize: "Clearly communicate which job positions are eligible for telework and which functions within each job position are suitable for off-site work."

Whether it is distance work or working in a traditional office, if job objectives are vague, how will managers be able to assess the performance of their employees? And how will employees

know what is expected of them? The bottom line seems to be less about empowering managers via a pay-for-performance system than it is empowering front line workers to do their jobs, by being clear about what is expected, being given the tools to do their jobs, and help them develop the skills to be successful.

Interestingly, some agencies where productivity can be measured, such as the work of Veteran Benefits Administration and Social Security claims examiners, productivity seems to have increased as they moved to telework during the pandemic.

> **PODCAST**
> *Episode 10: Human capital appeared for the first time on GAO's High Risk List in 2001. The Bush management agenda took on an effort to address it.*

Promoting Employee Engagement

By John M. Kamensky

> *The Obama administration focused on employee interaction and workplace improvement rather than civil service reform.*

When President Obama took office, it was the depth of the Great Recession and he froze pay and bonuses for the civil service as a way to jointly commiserate with those affected by the economic downturn across the country. However, in parallel, the administration undertook several efforts to improve the working environment for employees by:

- Restoring labor-management councils

- Promoting work-life programs and family-friendly workplaces

- Prioritizing efforts to reform the hiring process

After several years, the administration honed in on several personnel-related issues that were widely seen as sticking points to improving the government's workforce and culture:

- Senior career executives were not being developed or held accountable to be successful in an increasingly complex work environment.

- Managers and applicants continued to complain about a broken recruiting and hiring process that stymied them from getting the best talent.

- Federal employees were expressing less positive views about their leaders, supervisors, work experience, and other drivers of employee engagement.

In 2014, the White House created an advisory group to strengthen the career Senior Executive Service, jointly overseen by Katherine Archuleta, director of the Office of Personnel Management (OPM), Meg McLaughlin, head of the White House Office of Presidential Personnel, and Beth Cobert, deputy director for management at the Office of Management and Budget (OMB). The group proposed administrative reforms to streamline the hiring, onboarding, pay, succession planning, and career development of executives. Most of the committee's recommendations were incorporated into a 2015 presidential executive order. Probably the most prominent of the rec-

ommendations was a requirement that agencies rotate about 15 percent of their senior executives to different positions for at least a four-month period to help them better develop as leaders.

Efforts continued to improve the recruiting and hiring process, but this remained a perennial issue during the entire course of the Obama administration. OPM identified existing authorities and flexibilities and set out to map the processes in major agencies to identify areas for improvement. Under career executive Angela Bailey's leadership, OPM worked with both the President's Management Council and the Chief Human Capital Officers Council to develop a hiring reform "one stop" website as well as a "mythbuster" campaign to both educate HR staff and agency managers about what is and is not possible.

Near the end of the Obama administration, OMB and OPM jointly launched a "Hiring Excellence" campaign to spread best practices and help agencies use existing authorities to meet their needs." Based on insights and lessons learned from the campaign, OPM and OMB also released a joint memo, in late 2016 that required agencies to commit to focus on improvements throughout 2017. A subsequent report by the Government Accountability Office in 2019 found little progress, offered another set of best practices, and encouraged agencies to adopt them.

An Emphasis on Measuring Employee Engagement. The personnel-related initiative that gained significant traction and attention was a concerted emphasis to increase federal employees' engagement with their work. In the private sector, this was seen as an important element in both improving organizational performance and improving talent retention. It was also a way to listen to the voice of the employees while setting personnel priorities.

The annual Federal Employee Viewpoint Survey begun under the Bush administration was a critical component of this initiative. By 2009, it was a robust instrument that provided insights at a granular level in most agencies, so leaders could both see what was going on at the frontline and be held accountable for making improvements.

The results of the survey were popularized through a "Best Places to Work" report prepared by a nonpartisan nonprofit, the Partnership for Public Service, which also held recognition award ceremonies for the top-ranked and most improved agencies. These rankings were used by OMB to encourage agency leaders to pay attention to their own agencies' rankings and develop strategies to improve in following years.

In a joint 2014 memo to agency heads, the heads of OMB, OPM, and the Office of Presidential Personnel cited their commitment to a cross-agency priority goal to improve employee engagement and directed each agency to designate a senior executive to be the point person for this effort.

For example, in 2009, the White House asked the secretary of Agriculture to prioritize improving USDA's Best Places to Work score. At the time, the department ranked in the lowest quartile of the rankings for large agencies. While a few agencies within the department used survey data to assess employee engagement, there was no departmentwide, systematic approach. The secretary designated Greg Parham, assistant secretary for administration, to lead the effort. Dr. Parham shared data with the secretary on a monthly basis on aspects of employee engagement and he traveled the country, visiting field offices to learn firsthand what initiatives were working and what might be done to improve engagement. This concerted effort turned around the department's trends and improved its standing. In 2016, USDA was lauded for ranking in the top ten agencies for the first time.

In the National Institutes of Health, Camille M. Hoover, executive officer of the National Institute of Diabetes and Digestive and Kidney Diseases, developed an action plan that focused on empowering their managers, set standards, hold them accountable for action. She stressed that managers need to be able to talk about the elements of the survey instrument—like improving communication and recognition for good work—day-in and day-out. And managers need to explicitly tie it back to the survey so employees see that the managers are in fact acting upon their survey responses. Hoover and her staff translated the elements in the governmentwide survey into actionable behaviors, based on analyses and comparative data they developed.

Insights for Continued Improvement. Going forward, an employee engagement initiative needs to create a new bottom-up demand for improving organizational health and performance, a demand tailored to the needs of different missions and units. A 2018 study by the National Academy of Public Administration looked at agency efforts and recommended creating a bottom-up demand by leveraging three strategic components:

- **Strengthen Unit-Level Health and Performance.** Assess and diagnose the state of unit-level organizational health and performance by using existing data, such as the employee engagement index derived from the annual governmentwide employee viewpoint survey. These survey data are available to 28,000 work units across the government. Expand and refine analyses over time to include the use of other data sources, such as operational and mission support performance data.

- **Create a Learning-Based Approach to Improving Results.** To act on these assessments, create a learning-based approach (rather than a directive approach) to improve organizational capacity and performance in agencies. Engage organizational units to develop their own individually tailored plans for improvement. The specific elements would be defined within each major mission area. The strategy may cross program and agency boundaries. Plans would be peer-reviewed.

- **Employ the Power of Data Analytics to Manage.** To sustain the learning-based approach, help managers make effective use of new data available to managers relevant to their operations by giving them tools to access, analyze, and apply those data, as well as the skills to manage in this new data-rich environment. Encourage the creation of communities of practice where managers can learn from each other's experiences well as from more formal training opportunities.

The emphasis on improving employee engagement was subsequently incorporated into the current administration's management agenda as an element of its cross-agency priority goal on developing a 21st century workforce. The cross-agency goal assesses progress top-down, across the government and at the agency level. The National Academy's recommendations can serve as a benchmark for fostering bottom-up, unit-level improvements within agencies.

PODCAST

Episode 11: Engaging employees in their workplace a crucial factor in creating effective operations in federal agencies, and the data are there to track it.

Saying "Thank You" Matters

By John M. Kamensky

In October 2020, the Office of Management and Budget announced its annual "Gears of Government Award," the latest incarnation of White House-level employee recognition over the past 30 years.

The 2020 awards recognized 225 individuals and/or teams that improved mission results, customer service or demonstrated accountable stewardship. Six were highlighted for the President's Award. For example, one team at the National Oceanic and Atmospheric Administration was recognized for fixing an instrument failure on a newly launched, $1 billion weather satellite—from a distance of 22,300 miles. Absent their ingenuity, it would have been a total lost.

This award is a real turnaround from the way OMB used to work. Tongue in cheek, but probably with some grain of truth, a veteran staffer at OMB once told me in the 1990s when I was working on the Clinton-Gore Reinventing Government initiative that their stance with federal agencies was that "reward is the lack of punishment."

The career civil service system has a series of employee recognition awards and a bonus system. The most prominent are the Presidential Rank Awards for career senior executives. There are also externally-bestowed awards and recognition. For example, for individuals, there are the Service to America Medals, the Arthur S. Flemming Award, and the William A. Jump Award. And for agencies, there is the Best Places to Work recognition, bestowed by the Partnership for Public Service.

But being recognized by the White House is special. Over the past 30 years, there have been other recognition awards bestowed by different administrations as White House-level recognition for team or individual recognition.

Clinton Hammer Awards (1994-2001). Shortly after the National Performance Review submitted its report and recommendations to President Clinton in late 1993, the task force director, Bob Stone, said that we had to go out into the field and find teams of civil servants who were modeling its principles of "putting customers first, cutting red tape, empowering employees, and cutting back to basics" so they could be recognized by the White House.

I pushed back, saying we had just released the report and we have to give employees time to implement it. He came back, saying that there were teams already doing it naturally and that we needed to find them quickly to demonstrate to their peers what success looks like.

So, he directed a top staffer, Doug Farbrother, to get on his motorcycle and travel around the country to different federal offices looking for examples of what a "reinvented government" would look like in practice.

Meanwhile, the rest of us were left with coming up with some sort of award. Michael Messinger, who was a whiz at tchotchke, modeled Liberty Bells and other designs, including a hammer—which would be used to break down bureaucracy and build a better government. Conveniently, it also recalled the moment when Vice President Gore broke a government-issued ashtray with a hammer on the David Letterman Show.

So that led to Vice President Gore's Hammer Award—a $6 TrueValue hammer, decorated with a red, white, and blue ribbon, all in a gold-and-black velvet box frame—with a card personally signed by the Vice President thanking each individual team. By the end of the Clinton administration, there had been 1,378 Hammer Awards presented to teams of federal employees who had demonstrated "reinvention principles." For example, the first Hammer Award went to a regional office of the Veterans Benefits Administration for cutting a 25-step process for approving veterans benefits to an eight-step process that empowered a team of employees to improve service to veterans and dramatically reduced processing time.

Interestingly, departmental secretaries and other agency heads also created similar awards to recognize staff who were trying to innovate, as well. One agency created the Scissors Award, for cutting red tape, and another created the Giraffe Award, for employees who "stick their necks out" to try new things.

These various recognition awards disappeared with the advent of a new administration.

Bush Management Excellence Awards (2002-2008). The Bush administration chose to focus recognition on departments and agencies for their achievements in management excellence. It showcased an existing award, also known as the President's Quality Award, which has been administered by the Office of Personnel Management since 1988. President Bush himself bestowed the honors in 2002 to three agencies, noting that the award is the federal version of the nongovernmental quality management award, the Malcolm Baldrige Award, overseen by the Commerce Department.

Subsequent annual ceremonies recognizing other agencies were hosted by OPM. This award ceased in 2009, with the onset of a new administration.

Obama Customer Service (2015-2016) and SAVE Awards (2009-2014). The Obama administration's Cross-Agency Priority Goal to improve customer experience included an award recognition component that was somewhat reminiscent of the Hammer Awards. Starting in 2015, the Federal Customer Service Award recognition program showcased both individuals and teams that exemplified outstanding customer service.

There were department-level awards, such as in the Department of the Interior, as well as presidential-level awards. I was privileged to serve as one of the judges in selecting potential presidential-level award recipients from among nominations submitted by their departments and agencies. It was an inspirational experience to see so many instances of selfless service to others. For example, one of the recipients was Jack Tran, a Social Security Administration field staffer who when out of his way to help reunite a homeless, mentally disabled customer with his family, who had been searching for him for more than 20 years.

An earlier program, the SAVE Award (Securing Americans Value and Efficiency), was launched in 2009 as a way to encourage federal employees to identify potential money-saving opportunities and then used crowdsourcing with the public to sift through and highlight the most promising practices.

The program lasted about five years, ending in 2014. More than 90,000 ideas were surfaced and more than 90 were incorporated by OMB into the president's budget for implementation. The winners would get to personally present their ideas to the president in the Oval Office. For example, in 2012, the award was given to Fredrick Winter, in the Department of Education, for recommending that when federal employees turn 65, that they automatically switch from Metro's regular fares to the reduced senior citizen fare.

In addition to recognizing the deeds of individual civil servants, in 2016 the president also high-lighted the impact of career employees more broadly in a final nod to public service during his last month in office. In this "impact report," he thanked all federal employees and showcased specific examples of initiatives that improved the lives of Americans, such as streamlining airport security and small business loan procedures.

Like the Hammer and the excellence awards, these recognition programs disappeared with the commencement of a new administration.

Trump-Gears of Government Awards (2018-2020). The Trump administration created its own award program in 2018 with a twist. It wasn't just recognition for customer service but also for superior mission delivery or stewardship of taxpayer dollars. It celebrates exceptional perfor-mance for individuals and team at the agency and at the presidential levels. Dubbed the Gears of Government Award to reinforce the administration's management agenda emphasis on priori-ties that were seen as the "gears" of government operations. It presented its first set of awards in 2019 and I was privileged to be one of the judges for the President's Award. Much like the Hammer and the Customer Service Awards from previous administrations, the nominees were impressive and inspiring. One of my favorites was Barbara Morton, who led a catalytic, veteran-centric initiative at the Department of Veterans Affairs that organized what VA does around the veteran, not the bureaucracy. This contributed to an increase in veterans' trust in VA from 71 percent in 2017 to more than 90 percent today.

OMB annually posts agency-level and presidential award winners on the Performance.gov web-site. The 2020 winners include six that received presidential-level recognition, and 218 others—individuals and teams from departments, agencies, or interagency councils. Some winners were recognized for internal improvements, such as the Defense team that accelerated acquisitions by cutting 60 percent of the paperwork and reducing warfighting capability delivery time by six months. Other individuals or teams reengineered processes to improve services to citizens or businesses. For example, the Federal Housing Administration streamlined its refund and adjust-ment requests from lenders, cutting processing time from 60 to 21 days.

Insights for New Leaders. It is symbolically important to continue to offer recognition to career civil servants and teams from the top of the government. First, it is a high-leverage way to com-municate, using symbols, what is valuable or a priority to an administration. But more impor-tantly, it is inspiring to the rest of the workforce by identifying concrete, real heroes within the ranks of the career civil service—monetary recognition isn't as important as just a sincere "thank you." As the Partnership for Public Service puts it: "Recognition for outstanding federal workers should be the norm."

PODCAST

Episode 12: Recognizing good work matters and there are different ways to do it effectively—from Hammer Awards to Gears of Government Awards.

Information Technology

The Early Internet Years in Government—A Model of Fostering Innovation

By John M. Kamensky

The early years of the evolution of the use of the internet in the federal government were part "let a thousand flowers bloom," part Wild, Wild West, and always a magical moment.

Not having a technology background, I had little appreciation for just how cutting edge we were at the National Performance Review (NPR)—Vice President Al Gore's reinventing government initiative in the 1990s. But I readily understood the power of letting innovators stretch their imaginations.

In the summer of 1993, I was sitting on my front porch hand-editing a draft developed by the team that was writing the NPR report and recommendations for Reengineering Through Information Technology. Grumbling, I kept striking out "the spiderweb" and inserted "the Internet." The term "Web" hadn't entered common vocabulary yet, but I clearly lost that editing battle in the long run.

More importantly that summer, the administration (led by the vice president, the Commerce Secretary, the Office of Management and Budget (OMB), and NPR), had agreed that the government should not "own" or "regulate" the emerging Internet. This policy helped pave the way for innovation in the years that followed and the massive expansion for the Internet's place today at the center of most of the world's economies and societies.

Creating Big Ideas. When looking back, NPR put some pretty big ideas on the table. Some we fulfilled, like getting an email account for every federal employee, moving to electronic benefit payments, and creating a single, governmentwide search portal—long before Google was around. (More on this in the essay that follows.)

Other ideas were highly optimistic and are still yet to be achieved. For example, the report recommended: "The entire IRS filing process must be reengineered to be less paper-intensive. . . . The secretary of the Treasury should eliminate or reduce the need for filing routine income tax returns by January 1998." While that didn't happen, the IRS did eventually move to electronic filing and allowed payments to be made online or via credit cards.

Remember—those were the days when the big tech advance was moving from eight-inch floppy disks to 3.5-inch disks . . . . And Adobe PDF had just been released that same summer. There were no standards for federal agency websites. Some, like the Department of the Treasury, used a commercial .com email address. The White House didn't have a website until October 1994. In fact, the General Services Administration (GSA) didn't take charge of the .gov web domain until 1997.

Creating a Governance Framework. Those were the days before agencies had chief information officers. So, the NPR report recommended the creation of a cross-agency working group of federal career technology enthusiasts to provide strategic guidance and to champion the implementation of various recommendations in the NPR report.

The Government Information Technology Services (GITS) Working Group first convened in November 1993 to chart out a plan for implementing the tech recommendations in the NPR report. Initially chaired by Greg Woods, and later by Jim Flyzik, the working group focused both on pursuing ambitious recommendations for better services to citizens as well as crafting the foundation for IT leadership in the federal government. For example, they worked closely with the Office of Management and Budget (OMB) and Congress in crafting the Clinger-Cohen Act of 1996, which significantly changed how the federal government purchased and governed technology.

Prior to Clinger Cohen, all technology purchases of more than $500—including personal computers—authority for all civilian agency technology purchases was centralized within the General Services Administration under the 1965 Brooks Act. The Clinger-Cohen Act delegated that purchase authority to agencies, required agencies to designate chief information officers to oversee their agency's IT strategy and spending, and made OMB responsible for tracking agency spending on major technology purchases.

After enactment of Clinger-Cohen, the working group transitioned to become the GITS Board, with many of the same members who championed the implementation of NPR recommendations—as well as developed additional projects, in an action plan called "Access America." Individuals were designated as champions for each element in the action plan. For example, Bruce McConnell, then the OMB leader for information policy and technology (who was later succeeded in that role by current IBM Center Director Dan Chenok), took the lead for implementing the electronic benefit payments recommendation, Jim Flyzik from Treasury took the lead on electronic tax filing, and Neil Stillman from Health and Human Services was the champion for governmentwide email.

Fostering Innovation. To support the work of the GITS Board, GSA created an IT Innovation Fund pilot program, funded via a surcharge based on agencies' use of its telecom fund under "FTS 2000" (which has since gone through many iterations and is now the "Enterprise Infrastructure Solutions" program), to provide seed money for cross-cutting innovations with a multiagency benefit. The fund allocated between $5-8 million a year to promising projects.

By late 1999, NPR and the GITS Board had cataloged over 1,300 different federal web initiatives underway that were providing government information and services to the public. Some of them still exist today (albeit in a different form), such as the U.S. Business Advisor and Recreation.Gov.

The Board and the Fund were sunsetted toward the end of the Clinton administration, as the cross-agency CIO Council (formally established in 1996 under Executive Order 13011 as part of the implementation of Clinger-Cohen) began to mature with its development of its five-year strategic plan and a stronger role by OMB.

Insights for Today's Leaders. The experience of the early federal Internet offers two key takeaways: (1) When applying new technology, start with a compelling vision of how life would be better for the end user as NPR did in the early days of "big ideas," and, (2) let innovation and creativity flourish before formalizing and regulating online activity. Potential areas for applying these takeaways might include the use of emerging technologies like blockchain and artificial intelligence.

Postscript: *While the "let a thousand flowers bloom" phase was appropriate in the early years, it was clear by the end of the 1990s that it was time to weed the garden, and the incoming President George W. Bush administration did just that with its Quicksilver Initiative, which Dan Chenok helped to drive and will be discussed in the next essay.*

PODCAST

Episode 13: Experimentation was the driver of early efforts to use the Internet to improve services to citizens—and before agencies had chief information officers.

E-Government—Three Vignettes that Still Resonate Today
by Daniel J. Chenok

The stories of FirstGov, the E-Government Strategy, and the E-Government Act of 2002 all stem from visions of the future and supportive implementing coalitions that have paved the way for digital government transformations yet to come.

Vignette 1: FirstGov (now USA.Gov). In 1999, Eric Brewer—Internet search pioneer and CEO of the search company Inktomi (which developed search long before Google) met President Clinton at the World Economic Forum meeting in Davos. Brewer had what was a revolutionary idea at the time—organize all government information in a single search engine, accessible through a single portal, for free.

At the time, federal agencies had developed some 30 million web pages, but access was through a myriad of agency-specific interfaces that lacked a connection point to search information across the government. With the search industry taking off as the Internet developed through the 1990s (see the previous essay for this story), search was becoming a new means of access to information across the economy—but government was behind the curve.

The president put Brewer in touch with Dave Barram, administrator of the General Services Administration (GSA) and a former California tech company executive, who reviewed the offer with his team and with the Office of Management and Budget (OMB) and the National Partnership for Reinventing Government (NPR, previously called the National Performance Review). Brewer's free offer was quickly deemed unacceptable as a gift to the government, but the power of the idea led GSA to develop a $1 contract for the search engine and a separate vehicle for the services that were involved.

At the same time, GSA had been working on an idea for a single portal to the government, which it referred to as web.gov—led out of the Office of Governmentwide Policy (OGP) by staffers Tom Freebairn and Bob Maslyn, under the leadership of OGP administrator (and later IBM Center Fellow) Marty Wagner. Barram, OMB Deputy Director for Management (DDM) Sally Katzen, and NPR Director Morley Winograd quickly agreed that the two ideas could be married into a single initiative, called FirstGov, and hired a program manager with success as a government change agent named Deborah Diaz to lead the effort.

The team recognized that a vision of the future like FirstGov would require both support and resources from across the government, and thus needed a senior-level governance council to drive change and build buy-in from agencies who were understandably concerned about new search engines accessing their data. This led Katzen, who as DDM also chaired the President's Management Council (PMC) and the Chief Information Officers' (CIO) Council, to work with Barram and Winograd in creating a "board of directors" led by several key PMC members with support from their CIOs. I worked with Wagner and GSA Chief Information Officer Bill Piatt to help with funding and coordination, while Diaz led the implementation team.

After several months of development and testing, www.firstgov.gov went live in September of 2000 with support from President Clinton and Vice President Gore. The launch was not without drama—the weekend before go-live a coding error necessitated correction by an Inktomi programmer who was called back from a mountain hiking trip. But on that day over 20 years ago, the U.S. government moved fully into the Internet era, thanks to the power of an idea and a collaborative program management and governance structure.

Vignette 2: Project Quicksilver. The turn of the millennium in 2000 (see the next essay on the Y2K story by John Koskinen) was followed by the arrival of President George W. Bush. Bush had an e-government plank to his policy agenda, and OMB made e-government one of the five cornerstones of the first President's Management Agenda in 2001 (described in more detail here). Interestingly, one of the first IT decisions of the new administration was to relaunch FirstGov, based on the great work by GSA.

To lead the e-government agenda, OMB established a dedicated political appointee position as the "associate director for E-Government and IT" shortly after President Bush took office in 2001, and named industry executive and former Senate Governmental Affairs Committee staffer Mark Forman as the head of this office. This position was created in part as a result of advocacy from industry and bi-partisan members of Congress (led by Reps. Steven Horn and Tom Davis and Sen. Joe Lieberman), who were pushing for a federal CIO in OMB to help government improve its purchase and use of technology, to address security issues, and better leverage the web to serve citizens.

Forman drove a three-part transformation strategy, beginning with "Project Quicksilver." Through this initiative, OMB worked with the PMC and CIO Council (as had been done for FirstGov) to build on an E-Gov Strategy Study. This resulted from OMB Director Mitch Daniels approving

Forman's plan to develop a federal IT strategy with taskings to agencies that would apply a method widely used by industry and government based on best practices as outlined in a book called *Unleashing the Killer App*.

Through this process, OMB, led by a team of detailees from the agencies who conducted government interviews and public outreach efforts, solicited ideas for improved service to all constituencies—from small businesses to grant recipients to national park visitors. The team developed more than 50 candidate projects, from which the PMC selected 25 cross-agency initiatives based on business cases that showed the greatest potential to improved service to four portfolio groups: citizens, businesses, state and local governments, and government employees.

Each project was led by interagency teams, driven by a lead agency and involved multiple partners. This team leveraged digital technology and related processes to develop public-facing, user-friendly websites or consolidated systems that improved access to and service from agencies. Many of the initial E-Gov websites remain in operation today as models of digital government, ranging from Regulations.Gov (the subject of a 2013 IBM Center report by Cynthia Farina, to IRS E-File (the subject of a 2006 IBM Center report by Stephen Holden).

The second element of Forman's transformation strategy, in addition to Project Quicksilver's 25 initiatives (often referred to as 24, but also included a 25th to drive e-authentication across the other 24), was the development of a Federal Enterprise Architecture and the creation of a new position of chief architect, a post first held by former U.S. Postal Service executive Norm Lorentz. The third element of the transformation strategy was the creation of shared services for lines of business common across agencies, the original set of which included financial management, human resources, and grants management, soon followed by cybersecurity—all four remain part of the shared services landscape today, now led by Quality Services Management Offices.

The Information Policy and Technology Branch out of OMB's Office of Information and Regulatory Affairs worked closely with the new E-Gov office to implement this strategy, operating as a unified staff in which I served as a deputy to Forman. This initiative helped shift OMB's role in federal IT from one largely focused on policy and general oversight to one that also drove specific government-wide initiatives designed to gain effectiveness with a focus on citizen services, and gain efficiencies by reducing duplicative systems—a role that continues today.

Ultimately, the strategy first inspired and led by Forman, and implemented through a robust cross-agency governance mechanism, set a path for transformation initiatives that has great relevance to the digital transformations of today—helping government to leverage emerging technologies in becoming a more "cognitive enterprise."

Vignette 3: The E-Government Act of 2002. As the E-Gov strategy was moving forward, Congress introduced bipartisan legislation to authorize an enhanced OMB oversight role in IT. Sen. Lieberman and Sen. Fred Thompson reintroduced a bill to establish a "Federal CIO" in OMB, reflecting the prior congressional support for this role as discussed above. OMB leadership supported a process of negotiation with the Senate to produce a bill that the administration could support. As the senior career IT official at OMB, I was assigned the role of "lead negotiator" for the administration; other core participants were Government Accountability Office IT leader Dave McClure, Thompson staffer Robert Shea, and Lieberman's staff counsel Kevin Landy.

Landy set the agenda for the overall process, and over the course of roughly nine months in a small Senate meeting room, the teams worked through many issues raised by agencies to resolve key points in the bill, described below. A final issue was the position of the OMB IT

leader—congressional staffers wanted a Senate-confirmed position called a federal CIO. OMB Director Mitch Daniels argued against the title, continuing what was then a long-held OMB view based on the Clinger-Cohen Act (see more on Clinger-Cohen here) that the DDM should carry that title—a view that changed in the last administration, which adopted the title of federal CIO that continues today, even given the E-Gov Act title of "administrator" as discussed below. The director also did not want to increase the number of Senate-confirmed positions at OMB.

The issue was resolved—in a classic Washington, D.C. style—at a Mexican restaurant, over margaritas, where we settled on a compromise: the head of the new E-Gov office would serve as "administrator for E-Government and Information Technology." This made the role equivalent in title and stature to the heads of OMB's other statutory management offices, but as a presidential appointee who did not need Senate confirmation. The confirmation issue ultimately became the deciding factor that enabled the bill to pass the Senate.

Of course, the bill had to be passed by the House as well. Congressman Tom Davis (R-VA) had successfully moved two separate bills forward that were related to E-Gov: the Federal Information Security Management Act (FISMA—still the law of the government cyberland today) and a set of procurement reform initiatives. With Davis' support and these provisions added, the bill became a vehicle that moved quickly in the fall of 2002. Its momentum also led to the inclusion of a separate statistical confidentiality law that also remains in effect today—the Confidential Information Protection and Statistics Efficiency Act.

As enacted, the E-Government Act of 2002 created authorities for the new government IT leader, a role that Mark Forman filled initially and was followed by Karen Evans; codified many of the policies and initiatives of the new E-Gov Strategy; and expanded the scope for OMB IT and information policy oversight activities. Other provisions enhanced agency responsibilities and OMB authorities in numerous related areas, such as privacy, records management, and citizen services. Finally, the Act authorized a fund for E-Government Initiatives, which was administered by GSA and built on previous funding mechanisms that had provided OMB with authority to direct spending on innovation. This fund has served as a model for similar cross-agency technology funds today.

As with the prior vignettes, the E-Government Act story shows lessons learned for today's leaders: how a careful and collaborative process that brings views together around key ideas can lead to legislation and initiatives that move government IT forward.

PODCAST

Episode 14: Hear how the federal government used a search engine to find government programs and services—before Google was invented!

Responding to the Year 2000 Challenge: Lessons for Today

By John Koskinen

The year 2000 challenge, fondly known as Y2K, was easy to describe but not as simple to solve.

Editor's Note: *Government at all levels, American society, and the world faced a seemingly insurmountable technology challenge in the late 1990s that threatened to disrupt civilization. Addressing this challenge required mobilizing a vast response effort, not unlike what we are facing today with the COVID-19 pandemic. The leader of that effort in the late 1990s was John Koskinen. He shares his lessons from that effort.*

The year 2000 challenge, fondly known as Y2K, was easy to describe but not as simple to solve. To save space, which was very valuable in the early days of computer programming in the 50s and 60s, programmers adopted the strategy of using two digits to identify the year. For example, "1966" became "66."

Little did these early programmers know that financial companies, industrial firms, governmental agencies like Social Security and the FAA would simply use the old systems as the base for the structures that they would build over the years.

So, this "legacy code," in old programming languages, was everywhere. By the early 1990s, computer experts began to worry and predict that major failures, or even catastrophes, were going to occur if attention was not paid to fixing the problem. As the years passed with little organized response, the likelihood of success diminished significantly. Social Security, for example, had over 50 million lines of computer code that needed to be checked and, in many areas, fixed.

Ultimately, President Bill Clinton decided it was important to find someone to coordinate the government's work in this area. As the deputy director for Management at the Office of Management and Budget from 1994 -1997, I helped change the way the government acquired and managed information technology. I also ran the government shutdowns in 1995, working with every agency to develop a coordinated response to the budget crisis. So, I seemed to be a logical choice. It's possible that I was also the only one willing to take the job.

Lessons Learned. Following are five lessons learned from my experience in running the Y2K effort that leaders today and in the future may find useful, if faced with a similar cross-agency, cross-societal challenge with an immutable deadline.

1. **The Importance of Coordination.** We started by setting up the "President's Council on Year 2000 Conversion." In addition to the usual suspects, I asked that the Council include all the independent regulatory agencies, who usually want to be unconstrained by executive branch initiatives. They all agreed to participate, including the Federal Reserve Board, the Federal Trade Commission, the Federal Communications Commission, the Security and Exchange Commission, etc.

    I visited each Cabinet secretary and agency head and said they could appoint anyone they would like to the Council as long as their representative had a broad knowledge of the agency's activities and the authority to make decisions on the spot, since we didn't have time for people to check back with headquarters as we moved along.

At an early meeting, we spent a full afternoon in a retreat-like setting to discuss the areas outside the federal government where serious problems would be created for the country if their IT systems didn't work. We quickly moved through the obvious candidates such as electricity, telecommunications, finance and transportation to discover that we had 25 areas of concern, including state and local government, pharmaceutical firms, chemical companies, water treatment facilities, etc.

2. **The Power of Public-Private Partnerships.** We then decided that the way to proceed was to convince the national groups for each of the 25 areas, generally located in Washington D.C., to form a partnership with the federal government to coordinate the work in their area. The working groups would be co-chaired by the relevant federal agency, so that the Federal Reserve coordinated the financial industry, the Department of Energy worked with utility companies and the oil and gas industry, and the Department of Transportation got planes, trains, and automobiles.

    The first challenge was to convince the national trade organizations and groups to take on the responsibility (many said "we do policy papers and lobby, but never organize operations"), and then to assure them that we were from the federal government and really were there to help them, not tell them what to do.

    Almost as soon as I started, representatives of the finance and telecommunications industries came to see me to say that their biggest challenge was that lawyers were telling their companies they could not exchange Y2K information with any of their competitors since they risked being charged with violating the anti-trust laws or, if any information they provided proved to be incorrect, they could be sued.

    So, I agreed we would work with the Congress to get liability limiting legislation passed. But it would have to be by unanimous consent in both houses of Congress, since we didn't have time for the usual process of hearings and floor debate. Needless to say, it was a bit of a high wire act since there are a lot of people and organizations, like the trial lawyers, opposed to any legislation limiting any liability. My pitch to the Congress, and those usually concerned about liability limiting legislation, was that, if we could only do one thing to deal with the problem, it would be to pass this legislation. The Senate quickly passed the bill and, late one afternoon in the summer of 1998, when the clerk of the House of Representatives read the title and asked if there were any objections, no one said a word.

    This freed up the flow of information and allowed companies to share with each other where they were finding problems and how they were dealing with them.

3. **The Impact of Focus from the Top.** One strategy we used to encourage organizations to pay attention to the problem was, in the case of states for example, to hold a meeting with the National Governors Association and invite every state to send their Y2K coordinator. The theory was that, if there was a coordinator, the governor would now know who it was and would pay more attention to the challenge. Even more importantly, if the state did not have a coordinator, they would quickly appoint one, since no one wanted to be identified as having no approach to the issue.

    A corollary strategy I discussed with governors, mayors, and company presidents was that they didn't have to know anything about the problem, all they needed to do at every meeting of their senior leadership group was ask, "How are we doing on Y2K?"

That would send a strong signal that they cared about the problem and those dealing with the issue would want to show progress at each meeting.

The problem in some cases was that I got asked to join the leader at their monthly meetings. Thus, I ended up each month at a meeting with the Secretary of Defense, the Secretary of Transportation and the head of the FAA, and the Mayor of Washington and their leadership teams.

4. **Avoiding Public Panic by Regular, Honest Communication.** We also had to deal with the challenge of getting those who depended upon IT for their work to fix their systems without panicking the general public. One strategy was to convince our working groups to start issuing public progress reports on a quarterly basis beginning in January of 1999. Some, like the oil and gas industry, were concerned that, if they reported they were only 40 percent done, that would generate public concern and some panic.

    I said that the contrary was true. The public would appreciate their candor and believe their report since, if they were going to lie, they would simply say they were done. Then, when they completed their work later in the year, the public would have confidence in that report and respond accordingly.

    It was also clear that, while the public were interested in reports nationally, they really wanted to know what was going to happen in their immediate areas. So, we developed materials to allow local leaders to organize, with our help, "Community Conversations" which would be public gatherings where local representatives of utilities, banks, the telephone company, emergency managers, and government leaders could have an open discussion about how there were approaching the problem and the status of their work.

    To encourage these gatherings, I told those on our monthly conference call with city representatives that, if they could set up a gathering in the next couple of weeks, I would show up. My thought was that four or five would meet the immediate challenge. I ended up going to 23 community conversations across the country.

5. **You Can't Solve a Global Problem on Your Own.** Finally, our larger problem was how to coordinate with the rest of the world. I visited the UN in the spring of 1998 to discuss our approach but, by the summer, it was clear that the UN on its own was not going to take on the Y2K problem. So, with the assistance of Ahmad Kamal, the permanent ambassador from Pakistan, we invited UN member countries to come to a meeting at the UN the first week of December in 1998.

    I thought that, if we could get 30 countries or so, representing the developed countries of the world, we could make real progress. We ended up with 100 countries. We had put together a committee of 12 Y2K leaders from around the world so that this would not appear to be only a U.S. initiative. We divided the countries up by continent with a committee member taking the lead in pulling together continental meetings with presentations on whatever subjects the local countries requested.

    The countries not only enjoyed the presentations we provided over the two-day meeting, they insisted we gather again the following June to compare notes and discuss contingency planning. And so, in June of 1999, we had 170 countries join us in New York, for what was the largest non-General Assembly meeting in the history of the UN.

Was There Really Ever a Problem? I had said at my initial press interview that being the Y2K czar was the greatest bag holder job in the world. If things went well, everyone would ask, "What was that all about?" And, if there were major failings, they would want to know, "What was the name of that guy who was supposed to be in charge?"

And, sure enough, while a number of significant failures occurred on New Year's Eve—the Defense intelligence satellite system went down, the low-level wind shear detectors at major U.S. airports failed, and the Japanese lost the ability to monitor the safety systems for their nuclear power plants—the theme immediately emerged on New Year's Day of 2000 that this had all been an overreaction to a problem that didn't really exist. But that view does not reflect the reality of the danger to the world. I don't know anyone who worked on the Y2K problem in a financial institution, a power plant, or a telecommunications company who thought they wasted their time or money to make sure the transition went as well as it did.

Future Applications of Lessons Learned. These lessons offer important insights for government leaders, businesses, and societal partners facing the crisis response today, and those that will inevitably arise in the future. Specifically:

- Organizing a working group of people affected by a common problem and listening to what they have to say is always a good way to start meeting a challenge. When it's a global issue that affects the entire United States, even more is needed.

- Only the federal government can provide the leadership necessary to energize the national resources necessary to meet such a challenge. But government can't do it alone. The federal agencies need to be members of an ongoing management group, but they need to reach out to the relevant players in the private sector to form a functioning partnership.

- The government also needs to speak with one voice, providing the public with regular, factual updates and predictions and instructions for the future. State and local government, private companies and non-profits all have important roles to play and work to do, but they need to be doing it as part of a national plan they helped develop.

- Finally, a global crisis requires a global response, often led by the United States. With luck, we'll get through each crisis we face, but we can't rely on luck to make it happen.

Episode 15: Y2K Czar John Koskinen describes the command center the last week of 1999—would the Internet crash, or did the rush to fix computer codes work?

John Koskinen, in addition to having led the President's Council on Year 2000, is also the former commissioner of the Internal Revenue Service, former chair of the board for Freddie Mac, former city administrator for the District of Columbia, and former deputy director of Management at the Office of Management and Budget.

The Open Government Story—Providing A Bridge Across the Public Sector and With the Nation

By Daniel J. Chenok

Open government and open data paved the way for current government initiatives around data and evidence—enabling agencies to leverage data effectively is more important now than ever before.

(This essay is largely based on a 2016 IBM Center report, *Encouraging and Sustaining Innovation in Government,* by Beth Noveck and Stefan Verlhust)

On January 21, 2009, the first day of a new administration, President Obama signed the Memorandum on Transparency and Open Government, committing to "establish a system of transparency, public participation, and collaboration" for government. It was the administration's first directive on the use of technology and innovation, and aspired to fun-damentally redesign, not just reform, how agencies make decisions by opening them up to the value embed¬ded in citizens' skills, talents, and abilities.

This memorandum resulted from significant preceding efforts. Specifically, following on the work of the prior administration and other governments on e-government (see the previous essay, "E-Government – Three Vignettes," for more detail), technology and open government had been important parts of the presi¬dential campaign of then-Senator Obama. Campaign leaders invited ideas via blogging on their website; technologists volunteered to build tech tools; and through listservs and wikis referred to as "idearaisers," thousands of experts from across the country dis-cussed ideas and then formed small groups to submit for consideration one-page proposals on technology and government reform.

Following the election, the transition team set up the first ever presidential transi¬tion website to inform and engage the American people in an open manner, as part of the process of planning the first 100 days of the new administration. As had been done with idearaisers, the transition team invited people to submit both their questions and their ideas as part of a Citizens' Briefing Book, which helped formulate key agenda items for the new administration. More than 125,000 people shared 44,000 ideas, building public support for new technology initiatives.

The transition also notably included the first ever committee to design and plan a technology strategy for the first 100 days of the Obama administration called the Technology Innovation and Government Reform (TIGR) team. I served as lead for the TIGR sub-groups that focused on how technology and open government could build a more innovative and responsive public sector, working under the TIGR leadership team and across other subgroups—many of whom subse-quently held key technology and telecommunications positions in the administration. Beth Noveck also helped lead our subgroup and then went into the administration as deputy chief technology officer (CTO). Members of the team included Vivek Kundra, the Washington DC CTO who then served as the federal chief information officer; Aneesh Chopra, the Virginia CTO who became the first federal CTO; and Andrew McLaughlin and Bruce McConnell who also entered the administration to lead efforts on technology and cybersecurity, respectively. The fact that that much of the transition team leadership then took roles driving the initiatives became an impor-tant success factor for implementation.

Open Government Activities Drove Agency Change. Key legislation in areas such as open data and prize-backed challenges erased legal hurdles to the adoption of new ways of working. The leadership team identified above helped to drive a series of key policies on open government around transparency, participation and collaboration—through which agencies could bolster their relationship to citizens and move toward structures to enable greater co-creation and co-production of decision making, informed by greater public awareness about government. The IBM Center later wrote about this trend in two reports in 2013on the topic: Engaging Citizens in Co-Creation in Public Services and Beyond Citizen Engagement: Involving the Public in Co-Delivering Government Services.

Major open government activities from that period included policies, programs, and directives aimed at transforming the relationship between citizen and state and using technology to modernize government:

- The Open Government Directive, signed later in 2009, which provided U.S. agencies and departments with guidance on how to implement the January 21st memorandum.

- The May 2012 Presidential Memorandum on Building a 21st Century Digital Government, which sought to improve the digital services available to the American public, and includes objectives on open data, the prioritization of digital services, and adopting a customer-centric approach to digital service delivery.

- A series of open data policies, beginning with the Open Government Memorandum and including a May 2013 Executive Order on Making Open and Machine Readable the New Default for Government Information. These policies focused on making information about the functioning of government more transparent.

- Data.Gov—Launched in May 2009 with 47 data sets, the website Data.gov now makes 236,000 data sets publicly accessible. These federal, state, and city-based data sets are searchable and downloadable for free and in raw form.

The U.S. government was not alone in moving toward open government. The Open Government Partnership became and remains a hub for governments across the world looking to leverage open data in improving performance and services.

More broadly, the open government agenda was part of a broader innovation framework that led to structures still in place today, including the U.S. Digital Service and GSA's 18F program—both began several years later to help agencies close the gap in attracting talent and best practice from the private sector, and still play powerful roles in assisting agencies today.

What Lessons Can Be Learned from the Open Government Era? The open government era offers four lessons for government executives today and in years to come.

- **Link to Open Data.** First, given the critical need for data to understand and track the effects of government action in addressing an unprecedented public and national action, governments can link to open data to help supplement their own efforts. For example, the government of Brazil used open data to track the course and treatment impact of the Zika virus a number of years ago; similar efforts could help aggregate data without creating large new collection programs. The U.S. has access to much of the data needed for this kind of response—a key lesson from the open government era is that establishing policy early can help increase public involvement and engagement, and improve the exchange and understanding of openly available data sources.

- **Leadership.** A second lesson comes in the form of leadership. The movement of key leaders from the Presidential Transition Team into important posts in government enabled success in driving the agenda forward. Later implementation was facilitated by governance structures and institutional frameworks that continue to help bring innovation forward, such as USDS and 18F. Given the upcoming election and new leaders that will arrive next year under any outcome, the history from the 2008 transition points to the need to ensure that incoming leaders are both knowledgeable of and well-positioned for the importance of data to achieve major goals. The data strategy goal in the current President's Management Agenda (see PMA story here) demonstrates how leaders can help integrate data into a whole-of government approaches that improve government use of data.

- **Support Open Data.** A third lesson is that open government and open data helped drive the agendas of a number of new nongovernment organizations to support open data for government improvement. The aforementioned Open Government Partnership provide a key international resource for collaboration, and U.S. groups like the Data Coalition and the Center for Open Data Enterprise (CODE) provide governments with key capacity to leverage open data networks. Open data initiatives also provided context for, and can play a key role in successful implementation of, more recent data-focused statutes like the DATA Act and the Foundations of Evidence-Based Policy Making Act.

- **Integrate Data and Technology.** Finally, open data is just one part of the "open" paradigm that is also driving change in the technology industry through open cloud and open source software. The Center is working with CODE on a forthcoming report about this integration, in which open data plays a key role alongside technology in driving an innovation cycle. For more on this lesson and its import for the future, see my 2019 IBM Center blog post on Open Innovation.

Episode 16: The Obama Administration championed "Open Government." How did that evolve? Did it make a difference?

The Need to Improve Government IT: Lessons from Congress' Second Swing

By Richard Spires

Information Technology (IT) systems and services have become indispensable for almost all federal government agencies to effectively and efficiently carry out their mission services for our citizens.

From the processing of tax returns at the IRS, to payment of checks from the Social Security Administration, to advancing the state of science through supercomputers at the Department of Energy, to providing services to more than 10 million veterans at the Department of Veteran's Affairs, these and many other services from federal government agencies can only be accomplished through IT. And IT is at the core of much of the government's response to the current COVID-19 efforts. Federal chief information officers and their teams and colleagues have pro-

vided significant leadership in advancing IT, building on the efforts of the—forerunner of the modern Internet Arpanet, an experimental groundbreaking network developed by the Department of Defense to share information amongst scientists.

For those of us that have worked in government IT or supported it as private contractors, we also have experienced the other side of the story. Consistent and effective management and delivery of IT systems and services has eluded the federal government for decades. The Government Accountability Office (GAO) and others have done multiple reports about waste and challenges to agencies in modernizing IT. Troubled IT modernization programs, ranging from IRS modernization to Healthcare.gov at the Centers for Medicare and Medicaid Services (CMS), speak to a set of systemic issues in government's ability to consistently manage and deliver IT systems.

New available technologies (such as cloud computing and in particular SaaS-based applications), and improved management disciplines (such as Agile and DevOps), have offered pathways for improvement. Yet in 2017, GAO added "Improving the Management of IT Acquisitions and Operations" to its bi-annually updated "High Risk List" (this addition was not targeted at a particular agency, but at the whole of the federal government). Further, GAO's list reflects their finding that a number of other "High Risk List" items appear in part due to issues with successfully delivering IT systems and services.

The Root Causes. Much has been written about the issues with government IT. Reflecting on my experiences as a federal CIO and industry partner, I focus on a set of dynamics that constrain agencies' ability to significantly improve their IT performance.

Most government agencies started leveraging IT and developing custom-built systems back in the 1960s and 1970s. As new technologies and systems approaches became available over time, agencies added new IT components to address new needs, resulting in complex legacy system environments that have continued through mainframe computing, client-server architecture-based systems, and modern Internet-based architectures. Many commercial enterprises underwent the same evolution, but in government the scale and resulting complexity has been daunting. When I served as the CIO of the IRS from 2004 to 2008, for example, I had responsibility for more than 350 individual IT systems that supported tax administration, and many of these individual systems were large and complex themselves. This makes the IRS IT environment possibly one of the most complex anywhere in the world.

Layer on to this complexity the fact that most agencies are organized, managed, and funded by mission-oriented area and program, rather than technology function. This reflects a programmatic perspective, but it also leads to a situation in which each mission area in an agency would work to create its own set of IT systems to meet its needs, resulting in a lack of use of IT standards, shared IT infrastructure, or following IT best practices in program and project management.

The First Swing: The Clinger-Cohen Act of 1996. The issue of government IT management needing to be improved has been discussed since the 1990s. At that time, Representative William Clinger and Senator William Cohen passed a law that addressed the need for an empowered CIO at the agency level, along with other elements of the legislation to improve the overall management of IT. (The Act is covered in greater detail in a previous essay, The Early Years in Government).

When I rejoined government in 2009 (this time as CIO of the Department of Homeland Security) I studied the Clinger-Cohen Act, and it was stunning to me to see the divergence between what the Act listed as CIO authorities versus the reality in the agency. In many ways, the Act was being largely sidelined across the federal government for two reasons:

- First, while the Act addressed key elements to significantly improve government IT over time, agency cultures and the appropriations process did not change—most federal CIOs had little practical control of IT investments—the agency CIO's authority stemmed largely from the agency head's level of support.

- Second, during 1997, both Clinger and Cohen left Congress, with Representative Clinger retiring and Senator Cohen becoming the Secretary of Defense. The Act's champions were gone, resulting in less oversight from Congress.

Congress' Second Swing: The FITARA Act of 2014. There was meaningful legislation passed during the early 2000s, most notably the E-Government Act of 2002 which authorized a government IT leader position at OMB as well as the Federal CIO Council, and 2002 security legislation (FISMA) that was updated in 2014 to address cyber security requirements and reporting—for more detail, see the related essay, Three Vignettes. However, it took Congress almost two decades to revisit the issue of how to professionalize the management of IT at the agency level.

The leadership this time came from Representatives Darrell Issa (R-CA) and Gerry Connolly (D-VA), both of whom saw the potential for IT to better support government agency missions, as well as the inefficiencies and failures of government IT. They crafted a bi-partisan bill called the Federal IT Acquisition Reform Act (FITARA), and garnered Senate support via Senators Tom Udall and Jerry Moran to get it passed in 2014.

Rich Beutel, who was at the time a senior staffer to Representative Issa, spearheaded work on the legislation. He solicited input from numerous individuals and organizations to craft a bill to address many of the agency IT management issues. At that time, in addition to my role as DHS CIO, I had taken on the role of vice-chair of the Federal CIO Council. I met a number of times with Rich, providing both personal input but also representing the collective views of agency CIOs across government. Rich is a passionate advocate for improving government IT, and his leadership behind the scenes was instrumental in getting FITARA passed.

In early 2015, soon after the passage of FITARA, the Partnership for Public Service, a nonprofit organization that strives for a more effective government, convened a number of evening sessions to provide input to OMB on the guidance being prepared for agencies to implement FITARA. At the time, Lisa Schlosser was deputy federal CIO and Luke McCormack served as vice chair of the Federal CIO Council and DHS CIO. They led the sessions along with support from OMB staff. A number of us in attendance had held senior leadership roles at OMB and in agencies, to include:

• Dan Chenok	• Jim Williams	• Casey Coleman	• Pat Tamburrino
• John Gilligan	• Alan Balutis	• Dave Wennergren	• Gail Lovelace
• Roger Baker	• Robert Shea	• Doug Criscitello	• And myself

Dave Powner, who served as the lead IT auditor at GAO at the time, also attended. There were spirited discussions over a series of meetings, helping to provide perspectives for OMB in crafting practical implementation guidance that was released in June, 2015 (OMB Memorandum M-15-14: "Management and Oversight of Federal Information Technology").

FITARA substantially increases the authority of the agency CIO while also working to ensure IT management practices are instilled across an agency. FITARA has also had consistent and strong Congressional oversight. Representatives Issa and Connolly, and Representative Will Hurd, have, with the support of GAO, implemented a Congressional FITARA Scorecard. A letter grade is given to agencies in a number of IT categories, including data center consolidation, use of incremental development, enterprise sourcing, and cybersecurity. An overall grade for an agency is then calculated and these scorecards are issued every six months, typically along with a hearing focused on the status of government IT. These scorecards have had a meaningful impact on driving change as agencies work to improve their grades. A 2019 GAO study outlines that more effective practices have improved agencies' FITARA implementations.

Lessons and Next Steps. The recent improvement in managing government IT is evident as many more agencies consolidate their infrastructures and move to cloud computing, better leverage their enterprise buying power, and deploy applications much more rapidly via strategies including SaaS, Agile, and DevOps. However, overall progress remains inconsistent, and even agencies with the best FITARA scores have more work to do. The experience of FITARA shows that government leaders and stakeholders need to fundamentally reform and have agencies adopt best practices in IT management.

The American Council for Technology and Industry Advisory Council (ACT-IAC) is a nonprofit government-industry group devoted to improving government through the use of technology. I became involved in ACT-IAC at DHS, and have remained so after leaving government service, serving as IAC Chair in 2018-19. Once FITARA had passed, ACT-IAC undertook a project to augment the OMB guidance (M-15-14) for agency implementation. I helped lead the group of more than 50 individuals from government and industry that volunteered for this project—including experts from general management, IT, cybersecurity, finance, human relations, and acquisition.

We developed a Government IT Management Maturity Model, a practical guide to help agencies assess progress in terms of their IT management maturity and what steps they can take to continue to improve. This model outlines the attributes and best practices in each of six broad functions:

- Governance

- Budget formulation and execution

- Acquisition

- Organization and workforce

- Program management

- Cybersecurity

Last year, the model was updated to Version 2 with input from a number of agencies, most notably the Department of Agriculture, which has embraced the use of the model as part of its IT modernization initiative. The model provides a practical resource for agencies moving forward.

Given the success of the Congressional FITARA Scorecard, similar metrics with oversight can continue to strengthen the presence and measurement of additional IT management best practices, such as those presented in the ACT-IAC IT Management Maturity Model. The lessons of the past three decades and the FITARA experience show that there is no shortcut to improving the government's ability to effectively manage and leverage IT. This will take a sustained focus on instilling and maturing good management practices in each agency.

PODCAST

Episode 17: Richard Spires describes the challenges of working in government as a chief information officer, after a private sector career, and the new laws that improved their abilities to get things done.

Richard Spires is the former CIO of the U.S. Department of Homeland Security, where he served for four years, as well as serving as the former vice-chair of the federal CIO Council. He had a long career in the private sector before his government service and is currently an independent consultant. He also previously served as deputy commissioner for operations support and as the CIO for the IRS.

Acquisition Reform

Acquisition Reform in the 1990s: Lessons from a Bygone Era for Today
By Allan Burman

> *Reflecting on acquisition reform in the 1990s as well as the work of the Section 800 panel, bring backs memories of a different era in government, and how those memories can inform current and future actions.*

Attention to government procurement and acquisition has long been a focus of the Office of Management and Budget (OMB) and Congress. As administrator of the Office of Federal Procurement Policy (OFPP) OMB from 1988-1993, I often spoke about procurement issues and reforms before congressional committees.

Back then, if I were going to the Hill to testify (and I did this over 40 times as the OFPP administrator) the scene was generally the same. Most of my hearings would be before what was then the Senate Governmental Affairs Committee or the House Government Operations Committee. The process would often play out as follows: a witness from the General Accounting Office would testify first, recounting in deep detail the inadequacies of procurement staff or an agency in carrying out its acquisition responsibilities. And then I would be asked to explain the reasons for this failure and what I was going to do about it.

What seems so different from today though was how uniformly the situation involved a bipartisan raking over the coals of administration witnesses. Democrat and Republican members of Congress seemed to look to outdo each other in making their complaints. In particular I recall many sessions before Senator Carl Levin, Democrat from Michigan, and Senator William Cohen, from Maine (I used to call these "opportunities to excel"), who regularly had administration witnesses, me included, on the ropes. Both were always well prepared for the hearings and knew where they were going. And woe to you if you weren't and didn't.

A few tips for budding witnesses:

- You don't ask the questions, you're there to answer them. Senator Levin very clearly made that point to me when early on in one hearing I asked him to address a concern about something he was asking.

- As much as you hate to reveal to the world that you are not knowledgeable on some aspect of your job, if you don't know the answer to a question, don't make something up. You'll get caught and that's not pretty. It's always better to say, I'll get back to you on that.

- Look through the Washington Post and the New York Times the day of the hearing because frequently there will be something in there that may somehow relate to your field (however remotely) and, if so, you may well get a question on it.

I had been acting administrator since May 1988, receiving my Senate confirmation in March 1990 under President George H. W. Bush. OFPP had been set up in the 1970s as a part of the Office of Management and Budget (OMB). Its charge was to respond to a litany of complaints from Congress and others on, among other things, the mass of inconsistent rules and regulations affecting the procurement process as well as how long it took to buy things. I was the sixth person to have held the post. Mike Wooten today is number 15.

Legislation from Then, Still Important Today. When I became acting administrator in the late 1980s, there were not only concerns about inefficiencies but also complaints about widespread corruption. Both of these issues had a significant effect not only on my areas of focus as administrator but ultimately on major pieces of legislation still affecting the acquisition process today. One was the Procurement Integrity Act of 1988 and the other was the Federal Acquisition Streamlining Act of 1994.

Congress passed the Procurement Integrity Act as a way to prevent the abuses disclosed in a three-year investigation by the FBI called Operation Ill Wind. This investigation resulted in some 50 government officials, consultants and military contractors being convicted of various crimes including bribery and conspiracy to defraud the government. Some contractors obtained proprietary and sensitive procurement information that would give them a major advantage in any procurement. Representative Jack Brooks' House Government Operations Committee and Senator John Glenn's Senate Governmental Affairs Committee had fashioned legislation called the Procurement Integrity Act to offer a series of constraints on inappropriately obtaining such information, including adding criminal penalties for noncompliance. The law also prevented contracting officials for procurements over $10 million for one year from going to work for a contractor receiving the award.

While the legislation directly addressed the *Ill Wind* concerns, it also added a new level of uncertainty for both government and contractor personnel on what constituted the information not to be obtained. In fact, a small cottage industry sprang up in creating little cards to remind people about the do's and don'ts of asking for or releasing such information. For a naturally risk-averse community, you can imagine the effect this had on the general level of communication between government and industry. So, this legislation set in motion one element of the 1996 Federal Acquisition Reform Act that made it clear that the procurement integrity legislation never intended to shut down such communication.

Reform Efforts Then, Mirrored Today. I have recently completed my service as a Commissioner of the Section 809 Panel, another effort by Congress to simplify and speed up Defense procurement. Our January 2019 report includes a bundle of recommendation reinforcing the importance of better communications between government and industry to get quality and speed in procurements. It also proposes a new streamlined approach for purchasing readily available products and services.

The charter for the original Section 800 Panel, based on Section 800 of the National Defense Authorization Act (NDAA) for FY1991, served as a basis for that of Section 809 of the FY 2016 NDAA. I was one of 13 members of government and industry to serve on that earlier panel. Streamlining and codifying acquisition laws were the tasks, but with speed and commercial buying major goals for the panelists. Initially the focus was to be governmentwide, but with Hill Committees not coming to agreement on an approach, it's focus shifted to Defense. The House Government Operations Committee staff had concerns about my participation, since I wouldn't be chairing it and it had a narrower focus. My view was so many of the reforms would likely have governmentwide impact, and I didn't want to see civilian agencies lose out on the benefits, so I accepted the invitation to serve on it.

The Section 800 Panel met regularly down at Fort Belvoir on a monthly basis for a couple of years, with Rear Admiral Bill Vincent, the head of the Defense Systems Management College, serving as an excellent chair. George Washington University Professor Ralph Nash with his terrific background in contracting was one of my fellow panelists as was the Air Force's head of contracting, Major General John Slinkard, who was always generous to me with his time and advice. And what we produced was ultimately incorporated into the Federal Acquisition Streamlining Act of 1994 or FASA with its easy-to-use $2500 micro-purchase threshold, its simplified processes for procurements under $100,000 and perhaps, most importantly, its commercial item procurement language that has stood the test of some 25 years.

Imagine procurement having the level of importance that would bring a unanimous bipartisan Congress together in support of a stand-alone bill fixing how the government does its business. That would be a true federal government success story.

Episode 18: It was a very different era back in the 1980s and 1990s when attempting acquisition reform, says Allan Burman, providing the context for today's reform efforts.

Allan Burman is president of Jefferson Solutions. He had a long career in the federal government, working in the Department of Defense and as the top acquisition policy official in the Office of Management and Budget in the 1980s and early 1990s. Most recently, he served as a member of the congressionally-mandated Section 809 Panel that developed reforms to the federal acquisition system.

A Public-Private Affair—Competitive Sourcing

By John M. Kamensky

The 1990s saw an interest in market-based government as a strategic approach to achieving public actions. Use of market-based policy tools and incentives was seen as a predisposition or mindset as to how managers would approach public management issues. It is an assumption or policy preference that asks why the traditional ways should be used to deliver a service rather than why a market-based approach should be used. Rather than an ideology, it could be seen as a starting place for problem solving. There is a range of market-based tools for delivering internal services, public services, and regulatory standards.

What Is Competitive Sourcing? Competitive sourcing is the most visible market-based tool for delivering federal services. Agencies compete existing governmental functions that are classified as commercial in nature between those in government who are currently providing the services and potential providers in the private sector. The Office of Management and Budget (OMB) has created a set of rules governing these competitions, which are detailed in OMB Circular A-76, "Performance of Commercial Activities." Competitive sourcing was implemented most visibly in the early 2000s. but its roots that go back decades and its lessons still guide commercial activities today.

Background. The Eisenhower administration was the first to call for competition between the government and private sector in the delivery of services. It is commonly referred to by its administrative name "A-76." A-76 outlines the methodology for executive branch agencies to use in valuing their in-house activities and comparing them to similar functions being provided commercially. A-76 includes safeguards to ensure fairness in the valuation and competition processes, but the data needed and the details in the calculation methodology can require years to resolve. Efforts to streamline the process, however, led to controversy.

This approach was used off-and-on over time, picking up in the Clinton administration in Defense, but then expanding governmentwide with the onset of the Bush administration.

The approach was long seen as inherently controversial, with a constant tug of war over what constituted "inherently governmental" work. Are air traffic controllers inherently governmental function—after all, these functions are delivered commercially in a number of other countries. What about postal workers? Medical doctors? Prison guards? There have been many debates over the definition. In fact, OMB's A-76 guidance in the early 2000s took 17 pages in an attempt to define the phrase "inherently governmental."

Use of Competitive Sourcing in Defense. Competitive sourcing was used extensively in the Defense Department in the 1990s. A 2004 IBM Center study by Jack Gansler and Bill Lucyshyn examined 1,220 competitions completed over a 10-year period in the Defense Department (1994-2004). These competitions covered more than 94,500 positions. Estimated savings from the winning proposals (public or private) averaged about 44 percent, or about $11.2 billion. While the number of positions were reduced by nearly 25,000, less than five percent was via involuntary separation. In his study, contractors won 56 percent of the competitions compared to 44 percent for the in-house bids.

In 1998, Congress passed the Federal Activities Inventory Reform Act of 1998. This law mandated an inventory of every federal position considered commercial and to publish the results. FAIR Act inventory is updated annually by each agency. The first inventory released in 2001 deemed half of all civilian jobs—or about 850,000 positions—were commercial in nature.

Competitive Sourcing in the Early 2000s. Competitive sourcing was made more prominent as one of the five pillars of the Bush's administration's President's Management Agenda. In 2001, OMB Director Mitch Daniels set a bold target of competing up to half of the positions identified by FAIR Act inventory as having a commercial counterpart. This would have been 425,000 positions.

Because the A-76 rules governing competition were seen as overly complex, a congressionally mandated Commercial Activities Panel developed a set of principles to improve the A-76 government sourcing framework to better reflect a balance between taxpayer interests, government needs, employee rights, and contractor concerns. Its report concluded that if government employees doing commercial work could be competed, the government could save about $5 billion a year.

A-76 was revised in 2003 to shortened and simplify a complex process from four years to one year. When it was released, OMB Director Daniels said: "For quality service at the best price, competition beats monopoly every time. It is an established fact that fair competition can save taxpayers an average of 30 percent, whether the work is ultimately done in-house or by outsiders. Whoever wins the competitions, we can be confident that taxpayers will."

Angela Styles, who was the head of OMB's Office of Federal Procurement Policy, led the implementation of the overall competitive sourcing initiative. However, it was publicly perceived as an effort to privatize government jobs, not necessarily competing them to find which provided best service at the best price. This perception, however, flew in the face of the actual facts. For example, in a 2005 progress report, OMB noted that in 2004, there were 217 competitions and the government entity competing against the private sector won the bid 91 percent of the time, but the streamlining led to about $1.4 billion in savings, about $22,000 per position. And in a progress report to Congress in 2007, OMB reported that 87 percent of the competitions were won by the in-house government team, which had created what was called the "most efficient organizations." The report claimed that cumulative savings since the beginning of the Bush administration totaled about $6.9 billion.

However, even when a government entity won, this still sometimes led to job losses. For example, an IRS unit that competed to continue to serve as a publication's distribution center won the competition but its bid cut the 400-person workforce by about 60 percent. This contributed **to further discontent with the aggressive use of this tool.**

Moratorium on Competition. Congress suspended A-76 competitions in the Defense Department in January 2008 amid concerns that OMB's streamlined A-76 guidance overstated savings and understated costs, thereby tilting the competition in favor of the private sector. In fiscal year 2012, the moratorium was extended to all civilian agencies. The moratorium continues today, though the current administration has tried to lift it every year.

Lessons for Future. Any reforms dealing with personnel are always sensitive issues with employees and unions, and how they are framed and communicated matters. The Competitive Sourcing initiative as advanced under the PMA became linked "market-based government" and "competitive sourcing" in more with actions that were automatically perceived as threats to government work and workers. So, while the evidence showed positive benefits could be derived from a periodic re-examination of how in-house work is done, this particular administrative approach has not been carried out since.

However, public-private competitions have successfully been implemented as part of the Shared Services initiative that started in the Obama administration, with human resources services being competed under a procurement vehicle that includes private sector providers. This evolution demonstrates that if framed properly and accounting for lessons learned from the past, competitions can be implemented in a way that brings commercial best practice to government for improved service delivery.

PODCAST

Episode 19: Could some government services that were not "inherently governmental" be done more efficiently in the private sector?

Acquisition Reform Today: Back to the Future

By Stan Soloway

It may seem difficult to imagine, but 26 years ago, in 1994, there was a remarkable bill signing ceremony in the Rose Garden at the White House.

Given that about half of the discretionary portion of the federal budget goes out in contracts, it should come as no surprise that the acquisition function—the processes, policies, and people—continues to be a focus of attention. Sadly, that's especially true when things go south. Today, we are at the beginning of a fourth decade of efforts to reform—even transform—a system that is arcane and often struggles (but is also remarkably effective) at somehow getting the job done. The former is mostly a reflection of policy and process, the latter a reflection of a workforce that, even while under-resourced and often under assault, doesn't give up.

To understand where we are and where we need to be going, it is first important to understand how the preceding decades played out. The two preceding essays on acquisition reform initiatives provide an overview of the first two of those three decades (the 1990s, the 2000s). But reiterating some of their core characteristics is important to the context of the most recent decade and, perhaps more important, what comes next.

A New Sense of Optimism for Acquisition Reform. It may seem difficult to imagine, but 26 years ago there was a remarkable bill signing ceremony in the Rose Garden at the White House. There, President Clinton, accompanied by Vice President Gore, numerous Cabinet officials, including Secretary of Defense William Perry, senior leaders, from both parties, of the House and Senate armed services, governmental affairs and small business committees, and a crowd of some 200 people, gathered on a sunny afternoon for the signing of a sweeping piece of legislation. The focus of the bill? Government procurement.

Rarely before and never since has such a powerful array of American leadership convened on a topic typically shunted to the shadows. Sure, there have been plenty of hearings and discussions about the failures of federal acquisition (some real, some imagined); and sure, there have been lots of hearings about individual pieces of the acquisition puzzle, from people to process. But that day was unique in that it was both a recognition and celebration of the centrality of acquisition to the right functioning of our government. It was, in short, a day of optimism, of believing that we, as a nation, were taking an important step forward in modernizing one of government's most arcane yet essential functions.

Dashed Hopes for New Era of Flexibility. While memories are nice, this one is also particularly significant because it was, on some levels, the beginning of the beginning and the beginning of the end of transforming federal acquisition. For as much freedom, flexibility, and open thinking was (and still is) reflected in the underlying legislation (known as the Federal Acquisition Streamlining Act, or FASA), it was also followed not too long thereafter by a decade in which the acquisition function and community became an increasingly frequent target of criticism for a wide array of government's problems. Some of the criticisms were well deserved; many others, however, were based on a less than fulsome understanding of the acquisition system and the interdependencies that drive it.

Indeed, if the 1990s were marked by a new sense of optimism about and support for acquisition, in the 2000s the pendulum took a real swing backwards; it was a period of finger pointing, retrenchment and the increased, often unprecedented politicization of acquisition; a period during which contracting mistakes—some real, more perceived, many overstated and overblown— became a kind of cudgel through which other policy differences and grievances were all too frequently played out. During this time, some of the most important reforms of the previous decade were greatly diluted and came to resemble little of their original intent. As but one key example, the buying authorities contained in what is known as Part 12 of the Federal Acquisition Regulation (FAR)— which really opened the government market door to new entries that were previously unable or unwilling to bring their capabilities to the government—became layered with dozens of new clauses and requirements. Some of these new requirements were driven by agencies, some by Congress—many of which add little value but much cost and complexity. Today, those new clauses actually number over 150.

It was, in short, mostly a period of retrenchment, of what some called "acquisition re-reform."

Ask virtually any objective observer and they will acknowledge that that decade was also a low point for the acquisition function and workforce; a time during which risk aversion, always present, became an ever more dominant feature. For a workforce that had been told in the 1990s to be creative, thoughtful, and open minded, the pendulum swung back hard toward rigidity, distrust, and a lack of communication. Ironically, when then-administrator for Federal Procurement Policy, Dan Gordon, issued his "mythbusters" memo—which argued strongly for more open communications between the public and private sectors—the greatest resistance came from within the very workforce he was trying to support.

A Metronome of Tactical Reforms. Thus, as the 2010s evolved, acquisition policy and practice increasingly began to reflect the schizophrenia of the preceding two decades. If those decades were marked by palpable pendulum swings, the 2010s were more like a metronome set at a high rate. There were new tactical initiatives, like

- Category management

- Strategic sourcing

- Best-in-class contracts

- "Frictionless contracting"

- Broad efforts like the Defense Department's "Better Buying Power" initiatives, and more

Meanwhile, the dominance of large, governmentwide contracts grew substantially (by intent). And at the Defense Department, significant investments in the acquisition workforce were enabled by special funding authorities in 2008 under a new Defense Acquisition Workforce Development Fund—funding that was unfortunately not replicated in the civilian agencies. As is the norm, each initiative experienced its own successes and failures. But each also faced at least five common challenges, none of which was fully or adequately considered in their development.

- **A Risk Averse Culture.** Each initiative faced a workforce that had learned, the hard way, that they were better served by sticking to clear, rules-based decisions; that there were far too few risk absorbers in the system to support them doing otherwise. The sharp rise in low price/technically acceptable (LPTA) procurements was one good example. So too was the (still evident) decline in communications with industry, both pre- and post-award. In that environment, it's awfully tough to move a workforce forward.

- **The Changing Nature of Work.** The market itself was (and still is) undergoing a major transformation. The worlds of technology and professional services were converging. The explosion of the digital economy was (and still is) altering the way work is done at almost every level. For the acquisition community those changes manifest themselves both in the ways their own jobs could or should be performed as well as in the ways their customers' needs could be met. Yet, that market convergence was only slowly recognized by the government's practices and policies and, even today, it continues to outpace the government's ability to effectively keep up. Indeed, the world around us is an historically dynamic one; yet the government, as the Section 809 Panel suggested, remains too mired in its history.

- **An Aging Workforce and an Aging Development Model.** Even as the acquisition workforce was transformed by age (today it is estimated that some 40 percent of contracting officers have less than five years of experience), the overall strategies associated with their development have not genuinely transformed. It would be unfair to say that those responsible for workforce development haven't driven some change; but it would be very fair to say that, taken as a whole, workforce development simply has not kept pace with the changes in the marketplace. If the military goes by the adage "train as you fight and fight as you train," the same cannot be said of acquisition. With some modest exceptions, even as the rules governing federal acquisition were dramatically changed, the ways in which the government trains and develops its acquisition professionals has been exceedingly slow to adapt.

- **Buying Outside Traditional Channels.** With a little help from Congress, including some of the only forward-moving acquisition legislation in years, the government customer began to exert its influence. Fairly or not (and the answer can cut both ways), the customers' perception that because the current acquisition system and workforce was incapable of meeting the demands of the times, they had to drive toward new or alternative acquisition strategies. The dramatic increase in the use of Other Transactions Authority (OTAs), which enable some agencies to procure new capabilities through processes outside of the FAR, as well as the increasing use of "Commercial Services Openings (which, while still subject to the FAR, incorporate key, performance-based components of an OTA) are perfect examples. Moreover, the very nature of those methodologies—customer-centric, collaborative, multifunctional—reflect widely acknowledged "best commercial practices," but is largely different than the way most government acquisitions are executed.

- **The Rise of Agile Thinking.** Even as Agile software strategies became the accepted best practice across the marketplace (a trend to which the government was slow to respond), so too did Agile strategic thinking take hold. Like its software counterpart, Agile strategic thinking is founded in the concepts of flexibility, customer needs, and collaboration. Indeed, such as the software world had migrated to Agile development strategies, so too has the commercial sector navigated to Agile acquisition strategies, which were also perceived (again, fairly or not) as anathema to traditional, FAR-based acquisitions.

Which leads to where we are, hopefully, heading. The most important next step in acquisition "reform" is much bigger than changing the law or regulations, although some of that is still needed as well. It starts with viewing, operating, and measuring acquisition; and recognizing that what we call "Big A" acquisition is really horizontal supply chain management, an enterprise approach to meeting rapidly evolving and ever-changing needs in an equally uncertain marketplace. Meanwhile, there are a range of interim steps that could have important impacts in the near future.

Recommendations

- **Get Back to Basics.** The goal of federal acquisition must be to give the government the broadest possible set of options for capabilities it needs to meet its many and diverse missions. In that regard, and as the congressionally-mandated Section 809 Panel reported in its 2019 study on streamlining the Defense acquisition system, there is an abject need to reinvigorate the government's ability to effectively and efficiently utilize best commercial practices. That does not mean that the government is or should be run like a business. But it does mean that we have strayed too far from smart, core commercial practices that are essential if the government is to be in a position to fully access the array of capabilities available across the marketplace. And we can get started doing so by adopting the recommendations of the Section 809 Panel to simplify, clarify, and recast "commercial buying" authorities.

- **Start Measuring the Effectiveness of Acquisition.** Several years ago, the Professional Services Council recommended that federal acquisition organizations begin utilizing 360-degree evaluations of every major procurement. Much like such evaluations in the human resources arena, these surveys would seek input and assessments from all relevant stakeholders from inside and outside the government. Was the acquisition team responsive and communicative? Were they open to alternative approaches? Did what they "procured" accurately reflect the customer's expectations and/or what the vendor community understood the desired capability to be? Through a handful of questions, organizations could quickly determine the extent to which they were meeting expectations and delivering.

- **Don't Refill the Vacuum.** Even as we eliminate barriers to the government market, we also have to carefully guard against establishing new or expanded government-unique compliance requirements that in and of themselves could close the door to the commercial market. For example, while there is broad consensus cybersecurity presents enormous national security threat, new cyber policies, such as the Cybersecurity Maturity Model Certification (CMMC) must carefully balance that threat against the government's ability to fully capitalize on technologies and capabilities that may not have been developed with a CMMC-specific framework in mind. That means we need the willingness and capacity to evaluate other tools to measure cyber hygiene and not assume one size is the only size for all. Ironically, one of the first and more subtle (and also largely diluted) reforms of the 1990s was a policy to no longer require specific "certifications" and to instead always allow for "equivalence" from a range of sources. Cyber is a key area in which we need to return to that model and one that can have a dramatic effect on acquisition effectiveness.

- **Think Broadly.** Perhaps most of all, the time has come to rethink the very structure and approach to acquisition. A few years ago, a group of acquisition experts, most of them mid-to-senior career federal acquisition professionals, devised a concept known as "Acquisition of the Future," through which acquisition organizations would develop themselves and be measured on the basis of a classic maturity model in which the attributes and characteristics of

each level are well defined and provide clear aim points. The essence of the Acquisition of the Future concept boils down to a few, core tenets, including customer focus, cross-functional collaboration, data, and an interdisciplinary strategy and structure. Whether that model is "the" model going forward or not, it serves as an important jumping off point for an entirely new way to think about acquisition and provides a baseline for the kind of forward-leaning workforce development that is needed if the government is to operate and even compete effectively in the market of today. That would be genuinely transformative.

PODCAST *Episode 20: In the 2000s, the acquisition system began to be used as a political cudgel, making it more difficult to fix on a bipartisan basis for the first time, notes Stan Soloway.*

Stan Soloway is the president and CEO of Celero Solutions. He previously led the Professional Services Council and was deputy undersecretary of Defense for acquisition reform and led the Defense Reform Initiative in the 1990s.

Financial Management

Evolution of Federal Financial Management Reforms

By John M. Kamensky

> *Nirvana for a chief financial officer is a "clean" audit opinion on their agency's annual financial statement.*

For 22 of the 24 largest federal agencies, they've achieved that status. Two agencies remain in financial statement purgatory—the Departments of Defense and Housing and Urban Development. Until they can meet muster with their auditors, the governmentwide financial statement will remain incomplete, as well.

The requirement to produce agency and governmentwide financial statements, and have them audited, stems from the early 1990s. At that time, no one had a clue how hard it would be to complete a "clean" or "unqualified" audit opinion.

Background. In 1990, Congress passed the Chief Financial Officers Act with the strong support of the General Accounting Office (now the Government Accountability Office, or GAO), which had sounded the alarm that agencies were unable to properly manage programs or protect assets because they had weak internal controls and outdated financial systems that produced unreliable financial data.

The CFO Act created the roles of chief financial officer and deputy chief financial officer in each of the 24 largest agencies (which account for about 98 percent of all federal spending) and made them responsible for monitoring budget execution, preparing financial statements, and overseeing internal controls. Their most prominent responsibility under the Act is to prepare annual financial statements whose audits are overseen by their agency's inspector general.

The 1990 Act only required financial statements and audits in selected agencies. In 1993, the National Performance Review recommended extending the requirement to all agencies and for the federal government to "Issue an annual financial report to the taxpayers." That recommendation was put into law in 1994 and governmentwide financial statements have been produced since 1996. The most recent was issued earlier this year, covering fiscal year 2019.

However, the goal was full auditability of the governmentwide statement by fiscal year 1997. That turned out to be wildly optimistic—the goal of an audited financial statement is still an aspiration today.

The Big Hold Out. The big holdout among agencies is the Defense Department, which accounts for about half of all discretionary federal spending. It is the only agency that has never had a clean opinion (HUD lost its standing back in 2012 but is soon approaching a clean opinion again). But it is not for want of trying. *Rolling Stone* reported last year: "In April 2016, U.S. Comptroller General Gene Dodaro testified before the Senate that the Pentagon had spent up to $10 billion to modernize its accounting systems. Those attempts, he said, had 'not yielded positive results.'"

In a 2018 study for the Institute for Defense Analysis, former Defense chief management officer, Peter Levine (also a former key Senate oversight staffer), analyzed why—after a quarter century—the department hadn't been able to produce an auditable financial statement. He candidly wrote:

> The Department of Defense developed plans, conducted training, built systems, and hired management consultants. It tried creating new offices, agencies, councils, committees, and cross-functional teams. It invested hundreds of millions of dollars in architectures, billions of dollars in the compilation and reconciliation of financial data, and tens of billions of dollars in new business systems . . . . None of it worked. In 2018, the DoD entered a new round of audits, knowing even before it started that the result would be a disclaimer—meaning that despite years of effort, the DoD could not produce sufficient information to support an audit opinion [and] that the audit effort would cost almost a billion dollars in the first year, more than $4 billion dollars over the five years of the Future Years Defense Program (FYDP) and was unlikely to result in a clean audit for at least 10 years.

Despite the seeming futility of producing a clean audit statement, Levine concluded: "Despite this decades-long record of failed financial reforms, the DoD's business systems and processes are in better shape today than they were in the 1990s."

It's Not Just Audited Financial Statements. But financial management is more than just audited financial statements. A dozen other pieces of legislation extend the financial management reforms begun under the CFO Act, including:

- Government Performance and Results Act of 1993

- Government Management Reform Act of 1994

- Federal Financial Management Improvement Act of 1996

- Accountability of Tax Dollars Act of 2002

- Improper Payments Information Act of 2002

- Federal Funding Accountability and Transparency Act of 2006

- GPRA Modernization Act of 2010

- Improper Payments Elimination and Recovery Act of 2010

- Improper Payments Elimination and Recovery Improvement Act of 2012

- Digital Accountability and Transparency Act of 2014

- Fraud Reduction and Data Analytics Act of 2015

- Foundations for Evidence-Based Policymaking Act of 2018

- Payment Integrity Information Act of 2019

In general, these laws help Increase transparency by putting performance and spending information on websites, and is beginning to create links between spending data and federal program activities in order to allow policymakers and the public to more effectively track federal spending and address the problem of improper payments.

Progress Made: A 30-Year Assessment by GAO. GAO recently conducted a broad assessment of the governmentwide progress toward better financial management systems, as part of a broader review of the CFO Act after 30 years.

It noted that agencies still struggle to meet the statutory reporting requirements and that the government lacks a long-term modernization plan for its financial systems. It also noted that some systems still rely on outdated programming languages—such as the IRS's system for tax-payer data, which is still based in COBAL (the Latin of the computer world).

However, GAO hopefully noted that "substantial progress" has been made and that "refinements would yield added benefits." One such "refinement" is the ongoing shift from agency-based financial systems to cross-agency shared financial services, which GAO said may help the standardization and modernization efforts. For example, consolidated payroll services alone resulted in more than $1 billion in cost savings and avoidance over 10 years, according to a study by the Office of Personnel Management.

GAO highlighted several other areas of progress, including:
- Proactive governmentwide leadership, such as steps taken in 2018 by Treasury, in coordination with the Office of Management and Budget, where it "issued a 10-year vision for federal financial management, which provides details on (1) establishing a new role for CFOs, moving from transaction processors to strategic partners; (2) transforming federal collections; (3) optimizing federal disbursements; (4) strengthening financial reporting; and (5) expanding financial management services to agencies."

- Improvements in financial reporting, such as governmentwide financial statements since fiscal year 1997, agency financial statements, and the issuance of governmentwide financial standards by the Federal Accounting Standards Advisory Board.

- Significant improvements in internal controls in agencies, thereby increasing the reliability of reported financial information, as reflected in agency audits.

- Improvements in financial management systems, such as the introduction and adoption of shared services and Treasury's creation in 2010 of an Office of Financial Innovation and Transformation which "identifies and facilitates the implementation of innovative solutions to help agencies become more efficient and transparent."

Next Steps in Modernizing Financial Management. Based on GAO's assessment and reports by other organizations, there are new efforts to modernize the CFO Act. For example, a government-wide survey of agency CFOs conducted by Grant Thornton concludes that there is an "emerging consensus throughout the federal financial management community that the time for substantial reform is now." These include proposals to:

- Unify and broaden responsibilities assigned to the CFO

- Revise reporting requirements in favor of a more risk-based approach that focuses more on analyses that are more useful to stakeholders and decision makers

A Senate-passed bill in the 116th Congress, the CFO Vision Act of 2020, incorporates some of these recommendations, including the requirement that CFOs ". . . oversee and provide leadership in the areas of budget formulation and execution, planning and performance, risk management, internal controls, financial systems, and accounting."

But beyond these proposed statutory changes, there is a potentially broader agenda that OMB and agencies could undertake, such as:

- Linking performance and cost information in agency reports

- Modernizing agency financial management systems (legacy systems are still used in half of the major agencies) by moving to shared services

- Closing the skills gap among the financial management workforce

- Shifting financial managers' efforts away from a laser focus on producing audited financial statements to placing a greater reliance on enterprise risk management approaches

- Making a greater investment in producing real-time financial data as opposed to just year-end audits

Because of the Evidence and Open Data movement, there is already a revolution in agencies to make more granular data available to frontline managers along with analytic tools, in real time, in order to empower them to make better informed decisions. Adding financial data to that wealth of newly available program data may be a new way to better engage agency managers with the financial data that has traditionally been the purview of CFOs.

Episode 21: Vice President Gore was warned by his political advisors that the federal government would likely not get a clean financial opinion. But he pressed forward with supporting the requirement.

Regulations

A Short Trip Through Regulatory History

By Daniel J. Chenok

> *The policy and oversight of agency rulemaking reflects how analytics and professional staff work link with White House priorities.*

October 2020 was the 27th anniversary of the signing of Executive Order 12866, which has set out principles for development and review of federal agency regulations across the last four administrations. The Office of Information and Regulatory Affairs (OIRA) at the Office of Management and Budget (OMB) oversees EO 12866; a view of key highlights behind the directive and its amendments provides an informative guidepost for understanding the story of federal regulatory reform over the past several decades. This review is necessarily focused on only some of this history. For a more detailed review of the rulemaking evolution and issues involved in OIRA regulation, see this informative article by Susan Dudley, former OIRA administrator (and also previously OIRA career staff economist).

Antecedent: Executive Order 12291. E.O. 12866 replaced a similar E.O. issued by President Reagan in 1981. EO 12291 vested OIRA—newly authorized under the Paperwork Reduction Act (PRA) of 1980, signed into law by President Carter—with authority to review all proposed and final regulations by agencies before they were made public in the Federal Register. This significantly expanded OMB's authority to influence the content and direction of agency rules. Section 2 of the E.O. directed that regulations had to follow key principles focused on cost-benefit analysis, including that "the potential benefits to society for the regulation outweigh the potential costs" and other criteria. The Reagan E.O. gave OIRA 60 days to review final rules and 30 days for proposed rules, but OIRA could extend these timelines without limit.

OIRA expanded its staff capacity through the 1980s to review rules, and the professional career staff brought significant analytical expertise to OMB in carrying out its responsibilities. However, Congressional leaders raised numerous concerns about OIRA's impact, and Congress did not confirm an OIRA administrator during almost the entire term of President George H.W. Bush (nor did Congress reauthorize the appropriations for the Paperwork Reduction Act—see below). Jim MacRae, an exceptional career executive, served as deputy administrator and acting administrator during these years, and OIRA worked closely with the White House Competitiveness Council—guided by Vice President Dan Quayle and led by David McIntosh, later a member of Congress from Indiana—for political direction of regulatory strategy. This connection expanded perceptions that OIRA was following political direction in its analysis—perceptions that, as a new OIRA staffer, I saw were unfounded.

A New Administration and a New Order. When President Clinton came to office, he nominated Sally Katzen as OIRA administrator, who was quickly confirmed thereafter. One of her first goals was to lead the process of updating and reissuing the regulatory review E.O.—including how best to update processes and criteria. For example, the standard of E.O. 12291 that the potential benefits of rules had to "outweigh" potential costs—which was often interpreted to require monetizing impacts and making a strict benefit-cost calculation—was changed to a standard in EO 12866 that a rule requires "a reasoned determination that the benefits of the intended regulation justify its costs." This explicitly recognized that policy judgements represent an important element of regulatory decision making, alongside quantitative analysis. Similar changes were made to enhance agency discretion and public access around rulemaking

Another significant shift in the Executive Order concerned the scope of rules subject to OIRA review—which had encompassed all rules under E.O. 12291. I had direct involvement with this part of the story. Specifically, the new regulatory leaders at the Department of Education (ED) argued that OMB staff—meaning me as the OIRA desk officer overseeing ED rules, working with the OMB budget officer for ED—were spending too much time in reviewing and delaying procedural rules that largely governed delivery of grant funds to schools. Working with Katzen and the new ED general counsel, we developed a pilot process whereby ED would send a list of rules that were "significant" and thus merited OMB review, as well as a list of other rules that they believed to be non-substantive. OIRA could review both lists, and had the final say as to whether a particular rule was significant. After a few cycles, OIRA and ED found that this process enabled ED to move lower-impact rules more quickly, and allowed OIRA to focus time on review of more important rules. This process was the model for what would be enshrined in E.O. 12866 as the "significant" rule standard. This model was expanded to apply to all agencies along with criteria that still stand to define significance and reviewability by OIRA: annual economic impact of $100 million or more, interference with actions planned by other agencies, material impact on the budget, and "novel or legal policy issues."

Statute or E.O.? PRA Reauthorization and Rulemaking Authorities. Probably the major issue in the lengthy PRA reauthorization involved nothing to do with paperwork reduction or information policy; the PRA's primary procedural requirement involves agencies sending all surveys, forms, and other information collection requirements to OIRA for review and public comment prior to issuance. Rather, many Congressional leaders did not support OIRA's extensive role in regulatory oversight, arguing that agencies should have greater freedom to issue rules absent OIRA review, the core of which was and remains based on executive order and not statute. This has been a core principle of regulatory review in the U.S.— that is, the president oversees executive agencies, and their rulemaking activity needs to conform with administration policies and interagency priorities. OIRA thus acts as an agent of the presidency in developing policy and exercising oversight of agency regulatory activity.

Of course, the OIRA administrator is subject to Senate confirmation, and a series of statutes (see below) have bolstered Congress' role in the regulatory process—but administrations of both parties have, since 1981, opposed enacting OIRA's basic regulatory oversight role and favored using executive authority (12291 and then 12866 as reaffirmed in several subsequent E.O.s). Led by Sally Katzen, the Clinton administration successfully convinced Congress to reauthorize the PRA without reference to the regulatory issue in 1995.

Congress has continued to pursue laws that increased its ability to influence the outcomes of the regulatory process (see this Congressional Research Service report for a comprehensive listing of relevant laws). Probably the most important of these statutes was the Congressional Review Act of 1996, which gave Congress streamlined authority to overturn agency rules. Congress exercised this authority only once prior to 2017, overturning the Department of Labor's Ergonomics rule in March 2001 (which I had previously reviewed as the OIRA desk officer for Labor); more recently, the current administration has worked with Congress to overturn 14 rules adopted during the Obama administration.

"Prompts" and Quality. The first OIRA administrator of the George W. Bush administration, John Graham, had been a longtime academic expert on regulation. Graham brought several priorities to his tenure that focused on continued improvements in the full lifecycle of regulatory development. Two key changes that are still in place today include:

- **"Prompt" Letters:** OIRA review had generally focused on receiving rules from agencies and then leading a coordinated review process in response. Rarely had OIRA worked with agencies to identify a new outcome that might merit a new or amended regulation. Graham worked with OIRA to issue a Prompt Letter "to suggest an issue that OMB believes is worthy of agency priority" and that "contain a suggestion for how the agency could improve its regulations." OIRA issued over a dozen such letters between 2001 and 2006. Although none have been written since, they remain part of the regulatory toolkit.

- **Information Quality Guidance:** The 2001 OMB Appropriation called for OMB to issue governmentwide information quality guidance. Graham used this directive to develop guidance on information that informed regulation, specifically focusing on "influential scientific, financial, or statistical information" where "influential" primarily focused on information used in regulatory development and oversight. This is among the few OMB guidance documents that links a Paperwork Reduction Act process with a substantive addition to OIRA's rulemaking authority. Later, the first OIRA administrator in the Obama administration, Cass Sunstein, would similarly focus on infusing the economics of information further into regulatory review.

Technology and Transparency Helps the Whole Process. Much of the agency development, public comment, and rules under OIRA review have since 2001 been presented at www.regulations. gov, a site started under the E-Government Strategy (described in this prior story post). This website enables online public comment on all rules, not just those subject to OIRA review; the site continued to be strengthened and its evolution was detailed in a 2013 IBM Center report, Rulemaking 2.0.

Rules under OIRA review are published online as part of www.reginfo.gov. The Obama administration's focus on open government included a specific focus on making rulemaking more transparent, building more functionality into these two sites and enhancing public participation. This evolution helped contribute to greater transparency in EO 13563, which was issued by President Obama in 2011.

Retrospection as a Reg Review Tool. E.O. 13563 generally reaffirmed the principles enshrined almost 40 years ago in E.O. 12866. The new E.O. also built on the principles behind Prompt Letters to call for periodic agency review of existing regulations. This principle of retrospective review for current rules underlies two subsequent E.O.s that cross administrations:

- E.O. 13610, which enhanced public participation in the retrospective review process

- E.O. 13771, the current administration's priority that requires agencies to remove two current rules for every new rule and to reduce the costs of current regulation to make economic room for new rules

Presidential Transitions Bring a Fresh Look at Regulations. A presidential transition, which may occur this year following the election, always brings a fresh look at regulatory process and policy. Each new administration, in a process almost always led by the incoming OIRA administrator, takes a thorough look at the policies of its predecessor and determines how best to shape a regulatory agenda that reflects new priorities—as reflected by several of the E.O.s described above, and others that can be found in the Susan Dudley article cited above.

More immediately, a transition is commonly accompanied by two processes overseen by OIRA:

- Issuance of "midnight rules" that are rushed out to address priorities of the outgoing administration

- Issuance of a "regulatory freeze" under which all rules are halted in their development and review on January 20th after the Inauguration ceremony, and new leaders take a case-by-case look at each potential new regulation for release until a new regulatory strategy is announced

Lessons for New Leaders. The strategy, principles, and policies of rulemaking have evolved considerably over the last 40 years. Understanding the arc of the regulatory story is important, if only to highlight areas where new ideas have actually been tried before and how to learn from and build on those experiences. This is the case in the episodes described here, as well as many others documented in numerous additional reports and articles.

Finally, a prime constant in this evolution is the OIRA career staff. I was honored to serve in OIRA for nearly 14 years, and know firsthand the expertise and dedication to objective, neutral analysis that they bring to their review responsibilities. Their role, and a similar role played by OMB staff on budget and management issues, is highlighted in OMB: An Insider's Guide, a recent publication from the White House Transition Project written by former OMB executives across 50 years of leadership. A new team would do well to understand OIRA and OMB through familiarizing with the e-book's content.

For further reading

- *Administrative Law Review* special issue on OIRA's 30th anniversary: https://www.jstor.org/stable/i23065465.

- *Journal of Benefit-Cost Analysis* edition on OIRA: https://www.cambridge.org/core/journals/journal-of-benefit-cost-analysis/issue/FEF31134CBB73FAF3AF93346D9BC9624.

- George Washington University Regulatory Studies website on E.O. 12866: https://regulatorystudies.columbian.gwu.edu/tracing-executive-order-12866%E2%80%99s-longevity-its-roots.

- The Office of Information and Regulatory Affairs and the durability of regulatory oversight in the United States, by Susan Dudley in *Regulation and Governance:* https://onlinelibrary.wiley.com/doi/abs/10.1111/rego.12337.

Episode 22: Why is the requirement for regulatory review based an executive order instead of a legislative requirement? Dan Chenok explains.

3

STRATEGIC APPROACH

Reform Initiatives That Enable Mission Delivery

- Overview
- Collaboration
- Enterprise Risk Management
- Customer Service
- Innovation
- Federal Data

OVERVIEW

Initiatives That Enable Mission Delivery

Presidential administrations periodically undertake governmentwide initiatives that aim to improve the delivery of missions in every agency. For example, the Clinton administration undertook initiatives that emphasized the importance of customer service, the Bush administration pioneered the use of evidence in assessing program results, the Obama administration advocated for greater transparency and innovation. All of the past four administrations promoted technology modernization.

How to get started.

First, address whether an initiative should be undertaken at a governmentwide level or distributed among agencies to develop. For example, initiatives developed for cross-agency priority goals might be led by the Office of Management and Budget with the support of the President's Management Council. The compelling case for change can drive progress—a goal to improve customer experiences for federally-delivered services such as airport security led to governmentwide "tool kits" of best practices, a governmentwide center of excellence, and governmentwide measures for customer satisfaction. In contrast, the Trump administration issued a 2017 executive order to reorganize the government was largely delegated to agencies who each developed their own reorganization plans.

Another consideration involves whether the initiative is time-bound (e.g., achieving a specific goal such as vaccination of the population), or ongoing (e.g., a new interagency process for coordinating approvals of large-scale infrastructure projects). This will influence an initiative's staffing, governance structure, and funding.

 A key consideration for success: *The development and approval process for governmentwide initiatives tied to improved mission delivery needs to include stakeholders representing different perspectives. This needs to not only engage top leaders, but mission delivery staffs, external customers and/or their representatives, and mission delivery partners such as states, localities, nonprofits and/or contractors.* *Engaging the entire "delivery chain" during the development of an initiative increases support for implementation actions and also helps identify unforeseen problems.*

How to get action on reform proposals.

Top level leadership should come from a joint White House and agency effort. While this may not require presidential time and attention, having a jointly-led initiative has proven effective. This was an important lesson learned when OMB implemented the initial cross-agency priority goals during the Obama administration. Having buy-in and continuity from both perspectives emerged as a success factor. Also, for each initiative, a small, central support staff can act as both a catalyst and neutral convener for implementation action. That approach was used successfully under all four past presidential administrations for mission delivery initiatives.

In tandem with top-down leadership, engaging a bottom-up community of practice with mission delivery front line staff has been an important success factor as well. For example, OMB developed governmentwide guidance to institutionalize the use of enterprise risk management techniques in agencies, but it worked with an existing network of agency-level risk managers to both develop and implement the guidance.

A key consideration for success: *Many initiatives are nonpartisan and reach across administrations. The challenge is to ensure continuity in leadership and support for implementation. For example, the most recent set of 14 Cross-Agency Priority Goals was largely led by political officials, and now many are leaderless. Pairing political with career officials as leaders can help ensure continuity.*

How to achieve sustainability of reforms over time.

Communities of practice among front line champions—sustained over the course of different administrations—represents an important strategy, as does support from external advocacy groups. For example, the "Plain Language" initiative begun under the Clinton administration—to improve the quality of communications between agencies and citizens—was deemphasized by the Bush administration, but was largely self-sustaining due to passionate internal advocates in agencies and a nonprofit group formed to promote its use. This ultimately led to statutory requirements that embedded the initiative into government operations.

A key consideration for success: If the champions for an initiative cannot demonstrate value to the agencies delivering services, and if the reporting requirements are onerous, the initiatives can be attacked after a change in leadership. For example, a perceived lack of value and onerous reporting led to the demise of the Bush administration's Program Assessment Rating Tool.

Collaboration

The Evolution of the Use of Collaborative Networks in Government

By John M. Kamensky

> *"Many of the most important problems we face simply do not match the institutions we have created to govern them," said public administration scholar Donald Kettl more than a decade ago.*

The governmental response to the COVID-19 pandemic seems to bear out his observation.

Over the years, Kettl observed that many challenges—such as responding to disasters, organizing the delivery of services to disabled individuals, and orchestrating a response to climate change—have no single organization in charge. As a result, the traditional bureaucratic institutions defined by hierarchical agencies and programs that were so successful in the past are no longer adequate for challenges today that span across organizational boundaries.

Fortunately, a number of the foundational elements for collaborative governance have quietly evolved over the past three decades. The urgency of the coronavirus pandemic may provide the impetus needed to accelerate their use.

Background. The concept of "collaborative governance"—that is, working jointly across the traditional boundaries of governmental agencies, and between the public and private sectors—has proven an effective strategy for implementing selected policy initiatives over the past three decades. The descriptive terms for this approach vary: networks, collaborations, partnerships, horizontal government, boundary spanning, joined up government, and more. However described, the key components include:

- Providing a unified response among players with independent power bases, such as in our federal system of shared power and responsibilities.

- Using formal or informal networks as opposed to reorganizing existing bureaucracies and hierarchies.

- Using different collaboration models, depending on the situation. Some are organic, voluntary bottom-up networks. Others are entrepreneurially-inspired agency-based networks. While others are statutory, top-down networks.

These components and models have evolved over the years beginning with a series of pilot efforts during the 1990s as part of the Reinventing Government movement. More recently, statutory authorities have helped legitimize their use, and led to the creation of governance institutions, administrative routines, and staff capacity.

Piloting Bottom-Up and Agency-Based Networks in the 1990s. In the late 1990s, the National Partnership for Reinventing Government (NPR, previously called the National Performance Review) piloted the use of collaborative mechanisms to demonstrate their value. These early efforts could be characterized as "bottom up" partnership networks—that developed more organically based on the interest of participants. These were organized as communities of practice and were relatively small in scale with 35-40 "nodes," or communities, involved. For example, the Boost4Kids community of practice, which was organized by NPR staffers Pamela Johnson and Bev Godwin, focused on improving results for kids, such as school readiness, health insurance, and better nutrition. Network participants included not only a range of federal agencies, but also a number of foundations and nonprofits. Thirteen localities pioneered the community, and each brought state, local, and nonprofit partners to the table, as well. Each locality also developed a "performance partnership" with a federal agency champion to help measure results and cut red tape. At the time, the technology was not sufficiently advanced to scale these networks larger, and when the individuals involved left, the network gradually faded.

The reinvention effort also saw efforts at interagency collaboration. For example, several land management agencies agreed to share staff and resources in common geographic locations. For example, in Colorado, the National Park Service, the U.S. Forest Service, and the Bureau of Land Management attempted to work across geographic boundaries but found statutory and budgetary constraints to being able to collaborate.

Other agencies undertook collaborative efforts, as well, to advance their specific missions. For example, James Lee Witt, the administrator of the Federal Emergency Management Agency, launched "Safe Construction" networks—bringing together the developers of building codes, the insurance industry, and states and localities—to reduce the scale and cost of natural disasters such as flooding in low-lying areas. However, after the end of the Clinton administration, this effort was abandoned when the champions left government.

So, while there were a number of pilots during the 1990s to demonstrate the value of collaborative governance arrangements, they were not sustainable over longer periods of time because of their inability to scale, changes in leadership and priorities, and administrative and legal barriers.

Development of Top-Down Approaches in Early 2000s. The Bush administration didn't set out with an agenda to use collaborative governance approaches. In fact, it undertook major agency reorganizations in the intelligence community and the created the Department of Homeland Security as its approach to achieving greater cohesion and coordination in the area of counter terrorism.

In general, the Bush administration's approach to collaborative governance was more top-down in nature. And its focus was more on national security and counter terrorism rather than the coordination of social services. For example, it formalized collaborative approaches for addressing time-bound incidents, such as natural disasters, via the incident response command system. While this approach was developed decades earlier to fight forest fires, it was institutionalized as the preferred response approach to other forms of disaster.

The Bush administration also supported cross-sector collaborative approaches via the use of national strategies, such as the National Cybersecurity Strategy (updated in 2018) and (ironically) the 2005. These strategies were national, not just federal, in scope and were used as a way to bring together all sectors to address a common challenge.

In addition, the Bush administration experimented with hybrid organizational approaches such as the use of the heterarchy model at the Centers for Disease Control and Prevention, by its director, Julie Gerberding. This model allowed staff and resources to be shifted from the individual Centers in an emergency response to a rapid response team—and after the incident, resources would shift back to their traditional home units.

In most cases, except for the Incident Command System, these various efforts faded after their leadership champions left at the end of the Bush administration. However, the lessons learned from these approaches were applied in coming years.

Institutionalized Governance via Use of Priority Goals. Early in his administration, President Obama's Open Government initiative placed a premium on the use of collaborative approaches. This led to the institutionalization of several specific initiatives, most prominently the creation of cross-agency priority goals.

The Government Performance and Results Modernization Act of 2010 directed the Office of Management and Budget (OMB) to "work with agencies to develop federal government priority goals that aim to improve performance and management across the federal government." Congress also authorized the designation of cross-agency goal leaders and required quarterly tracking of progress of a limited number of long-term cross-agency priority goals that would be updated or revised every four years, because Congress recognized that such goals "will require sustained focus over a period of time."

Subsequently, the Obama administration developed a set of 15 Cross-Agency Priority (CAP) Goals, under the leadership of OMB's Beth Cobert and Lisa Danzig, to comply with this new law and put a governance structure and interagency teams in place to implement them. The Trump administration, under the leadership of OMB's Margaret Weichert, developed a set of 14 CAP goals. Examples include: improving customer experience with services provided by the federal government, reforming the governmentwide security clearance process, and modernizing infrastructure permitting. OMB is also supporting the development of staff capacity for these goals, with individuals skilled in working across organizational boundaries.

In addition to the CAP goals, legislation in different policy areas has incorporated the use of collaborative governance approaches. For example, a 2009 law created networks providing a continuum of care for homeless. These networks are comprised of multiple community-based or self-organized organizations representing the public, private, and nonprofit sectors that work together to address homelessness within their communities. A number of these networks pre-existed the federal program, but they were able to expand as a result of the program. In 2014, about $1.8 billion in funding was provided to nearly 400 networks involved in planning, providing, and tracking the effectiveness of a range of services to eliminate homelessness.

What's Next? The institutional structures are largely in place to expand the use of collaborative governance approaches, but they tend to be more robust in time-bound situations, where a collaborative initiative has a defined end point. Models still need to be developed that will sustain collaboration over time for non-time-bound issues, such as the delivery of person-centered social services.

Interestingly, we are seeing some institutionalization of non-time-bound networks via use of platform models to organize and delivery internal government services. The most prominent example is the development of shared service networks. Platforms are electronic business models that have become a foundation for virtually frictionless transactions and interactions between "many-to-many"—like eBay, Facebook, Airbnb, and Uber. Digital platforms may presage the future of how collaborative governance evolves. The lessons offered stem from the experiences of the many pioneers in the field of collaboration.

Recent recommendations by the National Academy of Public Administration propose a number of steps to expand the use of collaborative governance in targeted areas such as Integrated service delivery, helping veterans transition to civilian life, helping the homeless, overcoming opioid addiction, and protecting vulnerable children. Its report envisions the federal role to be more of an orchestrator, defining portfolios of services, programs, and strategies. It also identifies ways the federal government could reduce barriers to collaboration by changing its programmatic approaches to support blending and braiding of federal dollars and data.

PODCAST

Episode 23: Many of the challenges our government face do not match the institutions we have created to govern them. They require collaborative networks, which have evolved over time.

The Evolution of Government Shared Services

By Daniel J. Chenok

Demonstrating the Importance of Leadership, Collaboration, and Aligned Vision.

"Shared services"—cross-agency approaches for delivering mission support services like human resources (HR) and financial management (FM) more effectively and efficiently—remains a key initiative for agencies. In today's environment, government programs must shift almost daily in response to unprecedented public health and economic stimulus priorities. Shared services have become even more imperative as a means of enhancing reliability and outcomes in support operations and enabling agencies to focus on mission priorities.

The landscape for shared services rests on an evolution over several decades that resulted in today's "lines of business (LOB)" focused on HR, FM, grant management, cybersecurity, and other support functions critical to agency operations. Much has been accomplished, but much work remains. The story of this evolution carries lessons for implementation today, and demon-

strates the importance of committed leaders who have come together around an aligned vision across agencies and with the private sector.

Beginnings. The federal government, like many governments at the state and local level and internationally, has long provided services centrally that benefit multiple agencies. The General Services Administration (GSA) provides common platforms to manage agency real property, travel, and procurement support and the Office of Personnel Management (OPM) provides a full range of human resource services. These agencies remain at the forefront of the shared services landscape. The way in which they and other agencies provide shared services has advanced due to the policies and strategies from the Office of Management and Budget (OMB) and the White House over multiple administrations.

One of the early steps involved the 1993 National Performance Review (NPR, later renamed in 1998 as the National Partnership for Reinventing Government) expansion of "franchise funds." This enabled agencies to spend and manage dollars across fiscal years to provide services across the government, an initiative spurred on by NPR Deputy and now Center Senior Fellow John Kamensky and authorized by the 1994 Government Management Reform Act. The growth and use of franchise funds and similar working capital funds provided a financial pathway for agencies to operate in a manner closer to a commercial business. Their early evolution was documented in an IBM Center report by John Callahan, formerly the assistant secretary for management and budget at the Department of Health and Human Services.

The "lines of business" as currently framed originated in the summer of 2001. New OMB E-Government Administrator Mark Forman moved forward with a three-part E-Gov Strategy for reforming how IT supported agency operations functioned. Forman asked the IT Policy office that I led to analyze which IT programs were most alike across agencies, suggesting potential redundancies, inconsistencies, or opportunities for leverage. OMB Capital Planning leader Bill McVay conducted a careful and thorough review of such common investment areas, and after a thorough vetting across OMB, the first lines of business as well as lead agencies were announced in the 2003 Budget proposal. These included financial management, human resources, and grants management—and all three remain core parts of the shared services landscape today.

The vetting that we conducted as a part of this process surfaced several challenges to shared services implementation. These challenges continue to face government today and include needs to:

- Agree on a common vision and set of agreed-upon standards and technology models across agencies

- Develop a collaborative leadership and governance framework that guides strategy and implementation

- Arrange for shared funding models that incentivize collective action among stakeholders

In the face of these and similar challenges, progress over the last two decades to advance lines of business in government has resulted largely from actions by leaders who have stepped forward to drive an aligned vision that brings key stakeholders to the table.

The early growth of shared services for government across the U.S. and around the world is well-documented in a 2009 article by John Marshall, now CEO of the Shared Services Leadership Coalition (see more on this organization below).

Expansion. Karen Evans succeeded Forman as OMB IT leader and significantly increased the focus on lines of business, with a special focus on strengthening capacity for cybersecurity and coordination with the intelligence community in the aftermath of 9/11. The LOBs then remained in steady state until the second term of the Obama administration, when OMB's Office of Federal Financial Management (OFFM)— led principally by OFFM Controller David Mader—set forth a strategy to ramp up shared services activity and develop a governance framework across agencies. This effort was bolstered by a government-industry shared services roundtable that I was privileged to serve on, led by the Partnership for Public Service. This initiative brought together key leaders in both sectors to develop a set of recommendations or shared services expansion in an influential 2014 report published by the Partnership.

OMB worked with GSA to take these and other recommendations and established a new enterprise, the "Unified Shared Services Management Office," which would be led by Beth Angerman who had run the Treasury Financial Innovation and Transformation office that oversaw the Financial Management-Line of Business. Mader and Angerman worked to raise the profile of shared services as a cross-agency priority goal during the Obama administration and via policy through this OMB memorandum—a status that continued through the Trump administration as the CAP goal "Sharing Quality Services."

Strengthening the Public-Private Partnership. Angerman led the work to shape the current shared services strategy designates and gives new responsibilities to lead agencies as "Quality Service Management Offices" (QSMOs), operating as part of a larger governance framework in OMB Memorandum 19-16 (as a footnote to the story, this is one of the few OMB Memoranda that cites an IBM Center report). Part of the charge of QSMOs is to work with industry in understanding current standards and technologies that can support effective shared services operations, and developing implementation roadmaps over the next several years. This effort is now led by Earl Pinto, deputy associate administrator of the GSA Office of Shared Solutions and Performance Improvement (OSSPI), which now houses USSM. OSPPI has incorporated this cross-sector work and built on lessons learned from three different models of private sector engagement:

- Some shared services, like financial management, had been largely implemented through agency centers of excellence supported by contractors in a traditional procurement arrangement (authorized by a 2013 OMB memorandum).

- Others, like HR, evolved to implement an acquisition strategy under which private sector providers competed with agencies to deliver services (implemented through this GSA contract vehicle).

- A third model involved a set of qualified providers but not organized in a formal contract sense, as with cybersecurity.

The current approach to the industry engagement strategy will vary based on the overall plan for each QSMO.

Given the importance of collaboration across the public and private sectors for implementation, the Shared Services Leadership Coalition (SSLC) has emerged as a major voice for companies, nonprofit partners, and academic experts, and as a center of gravity for discussions across industry and with government. SSLC is leading a number of initiatives with industry and government, including forums for agency shared services leaders and for defining a future vision for HR shared services that also includes intelligence community leaders. Both of these efforts have expanded their reach by partnering with the National Academy of Public Administration and the Senior Executives Association, and are informed by former government leaders who serve as strategic

advisors (I am part of this group). SSLC also recently partnered with our Center to release a recent report that assessed how government can access private sector capital for modernization across a range of functions, which can be a key driver for shared services.

The need to promote common strategies and solutions for common problems has become more paramount than ever, as agencies need to focus their resources on delivering needed services in response to COVID-19 and for a future in which government will continue to play a key role in the national recovery and ensuing transformation. The government's shared services story, and the lessons that its implementation carries, provide both a reflection and lessons learned in moving forward.

PODCAST

Episode 24: Providing common services for common administrative functions across the government has steadily evolved over a period of more than 30 years. Where did it start? Where do we stand today?

Enterprise Risk Management

Evolution of Enterprise Risk Management in Government: Reflections of a Risk Management Professional

By Karen Hardy, Ed.D

Charting a decade of progress in how risk management enables better government.

In 2010, the IBM Center for The Business of Government published my report, Managing Risk in Government: An Introduction to Enterprise Risk Management (ERM); its first research report exploring the importance of managing risk at the enterprise level. The release of this report and the many other Center reports on risk management that have followed continue to shape and inform the dialogue in what has become a governmentwide effort to improve operations and effectiveness within federal agencies. The report also played a role in educating key federal government professionals who would advocate for and developed policy that would lead to the implementation of ERM across U.S. federal agencies.

Six years after the publication of this report, in July 2016, the Office of Management and Budget (OMB) issued a significant revision to its guidance Circular A-123—renaming it, "Management's Responsibility for Enterprise Risk Management and Internal Control." This new guidance not only filled a void addressing the relationship between internal control and risk management, it also updates how U.S. federal agencies should manage to improve operations and decision-making. With the release of this revised Circular, the U.S. federal government joins countries, such as Canada and the United Kingdom, which already adopted similar ERM to improve government operations.

To date, Managing Risk in Government: An Introduction to Enterprise Risk Management, has been through its second printing and has netted more than 5,500 downloads. Over the past decade it has been cited by nearly 50 publications, including the *International Journal of Public Sector Management* and the *International Journal of Business and Economic Development*. It has also been referenced by international governments, consultants, practitioners, researchers, and scholars—some I recall by name and others I may have forgotten over the years. Those who have reached out to me personally by email have appreciated the insights and recommendations outlined in the report, recognizing it has a body of work designed to inform the fundamental and foundational thinking on how best to adopt and use ERM within government.

ERM is now more important than ever as a strategy to help government with decision making in the response and recovery to COVID-19. And I am still reminded that the ERM journey to date, and its lessons learned for the future, have resulted from no small feats.

Making Change in Unexpected Places. I recall the day that I joined a across-agency internal control conference call. It was 2014 and during the typical role call I announced myself as the deputy chief risk office (CRO) for the U.S. Department of Commerce. Right after my check in, a voice came on the call after me, interrupting the next person to check in. This person specifically asked, "Excuse me, but is this the Karen Hardy who wrote the IBM Report on Enterprise Risk Management?" I said, "Yes, it is." He proceeded to say that he read the report and found it extremely helpful in educating OMB about ERM. The next day, I received an email asking if I would be interested in a detail assignment to OMB to help develop an ERM policy for government. That person was Mike Wetklow, and I said yes. I became the first to serve as a senior advisor for risk management policy under the OMB Office of Federal Financial Management and eventually the first federal employee to serve as a member of the COSO ERM Advisory Council. I had not realized how much my previous work at Commerce would impact the ERM momentum moving forward.

Organic Growth of ERM in Government. Prior to my working with OMB and at the Department of Commerce, two key events transpired that really put the government ERM effort in full gear. First, during after work hours while I was working at NIH, a handful of government executives (Douglas Webster, Sallyanne Harper, Barbara Buckhalter, and a few others including myself) came together informally to share best practices and our passion for ERM. This group of executives soon became the Executive Steering Group and organized the first ERM Summit where 50 people were in attendance. We organized the first summit entirely by phone and did not meet each other as a group in person until the summit event. A few years after the initial summits started to grow in attendance, this Executive Steering Group later became what is today the Association for Federal Enterprise Risk Management (AFERM).

I had been working in the trenches on ERM at the Department of Commerce for three years when I received the assignment from OMB. And even though the internal Department of Commerce ERM conference calls were going well, I soon realized that the government did not have a cross-agency ERM group. With a big push and support from the Department's CFO, I was able to establish a monthly Commerce-only ERM conference call and I invited a handful of agency leaders (about five) to join in the conversation. After a few months, I asked those invitees what they thought about opening the call to include a representative from OMB. They thought it was a great idea. That conference call at Commerce, which started with five invitees, eventually became the informal ERM Council which I then chaired for the better part of five years. We held our first onsite meeting at the White House Conference Center and the first brainstorming session about where we go next. This ERM Council eventually became the ERM Working Group.

The ERM Council gave OMB proof that federal agencies were interested, involved, and engaged in using ERM to identify, manage, and mitigate risk at the enterprise level with the goal of improving operations and decision making within agencies. Its existence influenced and supported OMB's decision to pursue, revise, and retitle OMB Circular A-123 as "Management's Responsibility for Enterprise Risk Management and Internal Control" in July 2016. Consequently, for the first time, ERM language was also added to Part 6 of OMB Circular A-11 ensuring the consideration of risk in the federal performance management framework.

A Decade of Progress. The motive behind the IBM Center ERM report was and has always been to help agencies apply ERM more easily. I was responsible for the initial work in establishing the NIH Risk Management Program. With little information to work with, I struggled to find a comprehensive blueprint for adopting and implementing ERM in the federal space. After doing a great deal of research by phone and the Internet, I came to the conclusion that this was too hard for one person and vowed to create a resource that would spare others the frustration and pain of working from scratch. The IBM Center was a viable path to help make that happen.

When I first submitted my research proposal to the IBM Center, it was originally titled "Leading Enterprise Risk Management Activities in Government." It was later changed to "Managing Risk in Government: An Introduction to Enterprise Risk Management in Government" for publication. The original manuscript I submitted exceeded the IBM publishing guidelines of 50 pages. The material that didn't make it into the final report was expanded and in 2013 reprinted into a 400-page book, Enterprise Risk Management: A Guide for Government Professionals, published by John Wiley and Sons. To date, this book continues to be used by universities, consultants, and practitioners to inform their ERM learning.

With an eye on the future of what could be possible, much effort was invested to ensure that work in one agency did not remain a monologue but would inspire an extended conversation across government. That growth has been recognized over the past several years. What was once a blank sheet of paper has now evolved to include conversations about several areas of government such as cyber security risk management, customer engagement risk management, applying risk-based decision-making, artificial intelligence, and managing financial risk.

With this new-found momentum, how far have we come since 2010? Here are a few research findings from the 2010 report with some thoughts about where we go from here:

2010 Finding #1: Educating a workforce unfamiliar with the ERM terminology and concepts is a key issue for leading ERM activities.

2020: We now can celebrate the establishment of AFERM, the partnering of government and Non-Government Organizations (NGOs)—such as the Partnership for Public Service (PPS), Association of Government Accountants (AGA), and the Risk Management Society (RIMS)—all working together to develop, deliver, and support ongoing educational opportunities. One significant milestone has been the establishment of the RIMS-CRM-FED professional certification for government.

2010 Finding #2: Most ERM initiatives were not championed specifically by the CFO though the CFO was part of the ERM governance structures.

2020: We have seen the Chief Financial Officer (CFO) community step up and take a leading role in pushing forward the ERM initiative and agenda with the OMB CFO council picking up the mantle. Accomplishments include sponsoring key committees and ushering through the publication of the ERM Playbook.

2010 Finding #3: How organizations approach ERM may largely depend on the agency's management objectives, resources, culture, and risk tolerance level as well as internal and external influences.

2020: This challenge remains true. ERM efforts continue to vary in scope and scale from agency to agency. However, agencies are now able to assess through formal annual surveys specific areas of challenges and opportunities and work together to close gaps of maturity. The Guidehouse Annual Survey of ERM practices in government, in partnership with AFERM, is a great example of the tracking, progress, top of mind issues and pain points agencies face.

Conclusion. To quote futurist and global thinker Buckminster Fuller, "You never change things by fighting the existing reality. To change something, build a new model that makes the existing model obsolete." Certainly, federal leaders are working towards this ideal. ERM is not just for the government of today but of the future. Every day we should be dismantling the norms of what we think work well today and challenge ourselves to create a model fit for the future of a dynamic and responsive government.

The presence of risk is a permanent fixture in the VUCA world in which we live—a world filled with volatility, uncertainty, complexity, and ambiguity (VUCA). The year 2020 presents an opportunity to further adjust the narrative surrounding ERM because of COVID. A narrative too often affiliated with compliance to one of necessity. The devastation of the pandemic has emphasized the role of risk management during times of uncertainty and the role it plays in helping organizations manage and mitigate risk. This may help those doubtful about the value of ERM think differently about it. It may also be the segue to a stretch of time that focuses on collecting the evidence proving this assertion.

What can change because of ERM? This will be a challenging task but also a great opportunity to solidify what was envisioned in 2010—ushering in a business practice that helps make government more efficient. With that in mind, ERM as a solution for solving problems will continue to be a key driver for becoming part of day-to-day business operations and creating effective change in how we govern.

Episode 25: As a founder of the Enterprise Risk Management movement in the federal government, Karen Hardy provides the background behind the effort.

Karen Hardy is a founding member of the Association for Federal Enterprise Risk Management. She served as the director of Risk Management and the first deputy chief risk officer at the Department of Commerce. She was an advisor at the Office of Management and Budget in crafting the federal government's enterprise risk management policies.

Customer Service

Improving Customer Service in the Federal Government

By John M. Kamensky

The federal government has long struggled with efforts to improve customer service.

A 2016 Forester Research report said that the federal government had a "near monopoly on the worse experiences." By 2019, its survey showed that customer experiences with federal services "remains weak and uneven," even though the White House requires federal agencies to provide a "modern, streamlined, and responsive customer experience across government, comparable to leading private sector organizations."

But there are positive signs. The Department of Veterans Affairs reported that veterans' trust in the VA reached 80 percent in April 2020—a 19 percent increase since January 2017. This increase is significant, as the VA is one of the largest federal agencies and its reputation was seriously damaged after a 2014 scandal about hospital wait times. Since then, it created its Veterans Experience Office which promoted greater integration within VA of various services it provides to veterans as well as a major effort to improve veterans' experiences with VA. In fact, just last year, VA formally codified "customer experience" as a core organizational value. The General Services Administration's Office of Customer Experience is helping share these kinds of initiatives, as well.

Overview. Concerted federal efforts to improve customer service reach back to 1993, when improvements were touted as a key element to reinventing the federal government. In fact, one of the first presidential executive orders issued to implement the reinvention agenda was one customer service. The early focus was to get federal agencies to set customer service standards

and post them publicly. This was inspired by the British "Citizen Charter" initiative when the U.K. set out to improve customer service. This was followed several years later by a shift from standard setting to customer satisfaction surveys and a visible campaign to reach out to citizens about their experiences with government. There was also a shift from attempting governmentwide improvements to a focus on smaller subset of agencies that have the most interaction with the public.

Improving customer service took a back seat for several years during the George W. Bush administration but was resurrected as a priority in the Obama administration, which designated "customer experience" as a cross-agency priority goal. Both of the last two administrations have focused on a subset of high-visibility government services as the focal points for improvement.

Setting Standards. The 1993 reinventing government initiative's initial report to President Bill Clinton recommended improving services to the public, with the vision of "a government where services are customer-driven" and "judged based on the public's expectations." Within days after the report was delivered, Clinton signed an executive order stating, "The standard of quality for services provided to the public shall be: Customer service equal to the best in business." The directive required agencies to develop plans, standards, and surveys and its implementation was led by Bob Stone, Greg Woods, and Candy Kane on the reinventing government team.

Since the use of surveys of the public is governed by clearance requirements with the Office of Management and Budget (OMB) under the Paperwork Reduction Act, the initial emphasis was on setting customer service standards within each agency. The reinventing government team compiled agency responses into the first inventory of customer service standards across the government in early 1994 that would be publicly posted in each agency: "This report presents more than 1,500 customer service standards, representing commitments from more than 100 federal agencies. This is the first time most of these agencies have set standards." For example, the U.S. Postal Service committed to a standard of no one having to wait in line for more than five minutes.

The following year, a presidential memo was issued to step up agency attention to this effort. This memo stated, "Agencies shall, on an ongoing basis, measure results achieved against the customer service standards and report those results to customers at least annually." These reports were integrated into agency annual reports to the president and Congress on their overall performance. By 1997, 570 federal organizations had committed to more than 4,000 standards. A status report highlighted dozens of examples of improved customer service.

From Standards to Surveys. Standards were a start, but to be effective, agencies had to find ways to get feedback from their customers. The reinventing government team worked with the Office of Management and Budget to develop a generic clearance for a customer survey instrument that could be used by all agencies so they would not have to get OMB clearance on each survey. This led to the widespread use of the American Customer Satisfaction Index, developed by the University of Michigan. That index is still used by agencies today and ACSI reports publicly trends overall for government as well as for specific agencies.

A Focus on Key Agencies. The reinventing government effort shifted its strategy on customer service again in 1998. It decided to focus efforts on the 32 "high impact" agencies that had 90 percent of the government's interaction with the public—such as the Park Service, the IRS, and the Passport Office. Vice President Al Gore, who led the president's reinvention efforts, challenged these agencies to deliver specific results by September 2000. President Clinton reinforced this new initiative, directing agency leaders to visit their customers across the country during the course of the coming year and have conversations with them to learn firsthand what their service experiences have been, and how they could improve.

By 2000, 80 percent of agency managers saw service goals aimed at meeting customer expectations, up from 36 percent in 1992. Also, 30 agencies were measuring satisfaction with their services via the ACSI which compared government services with the private sector. It found the gap was close and narrowed between 1999 and 2000.

A Shift from Service to Experience. The White House emphasis on improving customer service paused during the Bush administration and resumed in 2011 under President Obama with an executive order requiring each agency to develop "a customer service plan to address how the agency will provide services in a manner that seeks to streamline service delivery and improve the experience of its customers." To implement this effort, OMB directed each agency to identify one "signature effort" and appoint a senior official to lead their efforts. Michael Messinger, an alumnus from the reinventing government effort in the 1990s, helped push this forward. In 2014, the Government Accountability Office assessed progress in five agencies and recommended that they "implement formal feedback mechanisms to improve customer service."

In 2016, OMB's Lisa Danzig championed the designation of customer experience as one of a small handful of cross-agency priority goals. The shift in emphasis from "service" to "experience" harkened back to the original reinventing government principle of looking at services from the customers' perspective, not just the specific transaction, such as issuing a passport. OMB also shifted emphasis from a governmentwide focus to a smaller set of "high impact service providers," much like the reinventing government initiative had done in its later years. OMB also created a cross-agency "core federal services" council to lead the effort. The emphasis was on improving specific services, not on the agencies providing the services. The effort also included a customer service award to individuals or teams in agencies that demonstrated exemplary customer service.

This initiative carried over to the Trump administration as a cross-agency priority goal, which was co-led by Pamela Powers, the acting deputy secretary of the Department of Veterans Affairs, Matt Cutts, the head of the U.S. Digital Service, and OMB's Dustin Brown. The initiative emphasized improving the digital experiences of the customers of 26 high impact service providers, such as FHA home loans, the issuance of patents, and the delivery of veteran benefits. The current initiative has developed a wealth of tools that reflect proven private industry best practices such as the use of journey maps, human-centered design, and real-time service measures.

Lessons Learned/Resources to Draw Upon. The evolution of approaches toward improving Americans' interaction with government services over the past three decades has led to a rich trove of resources and capacity that agencies can draw upon. For example, the General Service Administration has created an Office of Customer Experience and a Center of Excellence to help agencies develop their customer experience strategies. Likewise, the U.S. Digital Service has developed an online toolkit for agencies to use.

Still, the success of any customer service improvement lies with agency leadership and attention, and a shift in the operating culture on the front lines of service delivery in an agency. That's what the Department of Veterans Affairs has demonstrated with its multiyear effort, which serves as a potential model for other agencies to emulate.

PODCAST

Episode 26: The focus on serving the customer of government services started as a key element of the Reinventing Government movement in the 1990s—and has evolved to Customer Experience initiatives today.

Innovation

The Evolution of Innovation in the Federal Government

By John M. Kamensky

Innovation isn't something the public typically associates with government.

However, there are more than a few scattered pockets of innovators across federal agencies who sometimes come up with startling changes to operating models, business processes, services, or management. Some of these initiatives are orchestrated from the top of an agency, but many happen organically on the front lines in response to a concrete problem. How have federal approaches to innovation evolved over the past 30 years? Following are four of the more prominent initiatives over this period.

In a 2014 report, management professor Sandford Borins marveled at the persistence of innovation in government: "In the face of the obstacles inherent in the process, despite the risk of failure, despite the time, energy, persuasion, and improvisation required to bring an innovation to fruition, public servants continue to find new ways to create public value."

Reinvention Labs. In the 1990s, the Clinton administration's reinventing government initiative promoted innovation bottom-up from the grassroots through a White House-sponsored initiative. While the initiative was touted as "unshackling workers so they can re-engineer their work processes to fully accomplish their missions" it led to numerous innovations. Examples include:

- The IRS used a reinvention lab to pilot an early version of electronic tax filing.

- The Veterans Benefits Administration reengineered its benefits determination process at a lab in New York City that dramatically reduced processing time.

- The Customs Service developed a partnership with American Airlines in Miami to expedite passenger processing through Customs.

- The Animal and Plant Health Inspection Service's field office in Minneapolis piloted the use of self-directed teams.

For the most part, units within an agency would propose being designated a reinvention lab by the National Performance Review (later renamed the National Partnership for Reinventing Government) in the vice president's office under the direction of its project director, Bob Stone. Sometimes, agencies, such as the Department of the Interior, would strategically identify projects to be piloted and assign a senior executive as its champion and scale successful reinvention lab projects, such as streamlined civil rights complaint processes, across the department.

Each reinvention lab was granted streamlined authorities to waive departmental regulations (but not statutory-based requirements), which was an incentive for many to apply. Over the eight years of the Clinton administration, there were about 350 reinvention labs across the government. In a 1996 report, the Government Accountability Office observed: "Many of the labs are addressing issues that are at the cutting edge of government management . . . more innovations are possible in these and other areas as agencies review and rethink their existing work process."

The labs were good at developing new ideas and ways of working from the bottom up, however most never scaled across their departments or the government. This approach to innovation was abandoned at the end of the Clinton administration.

E-Gov Initiatives. In the early 2000s, during the Bush administration, innovation initiatives tended to be technology-centered and orchestrated from the top of government and focused on a series of E-Government Initiatives that changed business models and service delivery in a number of high-profile areas. A three-part E-Gov agenda was developed under the direction of Mark Forman, who was appointed as the Office of Management and Budget's first "associate director for E-Government and IT." (This position was eventually re-designated as the federal government's chief information officer.)

- The first part was dubbed "Project Quicksilver" (described in more detail by Dan Chenok in an essay, "E-Government: Three Vignettes," in Strategic Approach 2 of this report), which developed a portfolio of 25 cross-agency initiatives that showed the greatest potential for improved service to four portfolio groups: citizens, businesses, state and local governments, and government employees.

- The second part was the development of a Federal Enterprise Architecture and the creation of a new position of chief architect, a post first held by former U.S. Postal Service executive Norm Lorentz.

- The third part was the creation of shared services for lines of business that were common across agencies such as payroll, financial management, human resources, and grants management.

An Innovation Strategy. The Obama administration's approach to innovation was also top-down and technology oriented, but more strategic. It was largely led out of the White House's Office of

Science and Technology Policy, initially under the leadership of Aneesh Chopra, the first chief technology officer, and his deputy Beth Noveck. She developed a three-prong approach, as described in a 2016 report for the IBM Center:

- Creating new institutional roles for innovation leadership. The Obama administration created a series of new leadership roles to institutionalize and integrate innovation into government operations. The White House created the roles of chief technology officer and chief data scientist, and many departments followed suit in their own agencies. Some agencies even created the position of chief innovation officer. The administration also brought on new talent via the creation of the Presidential Innovation Fellow program to attract technologically-skilled individuals from academia and the private sector.

- Creating policies and legal frameworks to support innovation. This included initiatives such as crafting a common set of Terms of Services with social media providers, thereby allowing agencies to use social media platforms to innovate in the delivery of services and information. It also included the Open Government Directive to improve digital services; the open data policy to make government data open and machine-readable, and the Digital Accountability and Transparency Act, which led to more transparency in government spending data.

- Creating new technology and organizational platforms. An example of a technology platform is the data.gov Open Data portal, which is a one-stop for over a quarter million federal data sets. Examples of organizational platforms include the creation of Innovation Labs in agencies (such as the Office of Personnel Management and the Environmental Protection Agency), the U.S. Digital Service in the White House, and the Office of Citizen Services and Innovative Technologies in the General Services Administration.

The strategy began the process of weaving innovation into the fabric of government, leading to agency-level efforts to change their operating culture to be more innovative by finding and championing the innovators in the system, connecting them, and providing them the tools to succeed.

Public-Private Innovation. The current administration promotes public-private innovation via a series of governmentwide and agency-level efforts. It has built on the foundations from preceding administrations such as the continued development of the governmentwide U.S. Digital Service under Matt Cutts and GSA's Technology Transformation Services (TTS), formerly led by Anil Cheriyan, which "applies modern methodologies and technologies to improve the public's experience with government." TTS helps federal agencies build, buy and share technology to achieve their mission-specific digital transformation and modernization goals. Both efforts draw heavily on private sector talent to advance their efforts.

In addition, there are agency-centric, small offices embedded across the government, such as:

- The Defense Innovation Unit, which accelerates the adoption of commercial technologies to address national security issues

- The Center for Digital Development in the U.S. Agency for International Development, which strategically researches emerging trends in commercial digital technology that may be applicable in developing economies

- The Census Bureau's xD Program, which is also an emerging technology lab applying AI to government problems

A more in depth example of an agency-level public-private innovation unit, the Commerce Department's Opportunity Project, demonstrates the adoption of Agile principles in solving problems.

The Opportunity Project (TOP) serves as a catalyst in adapting Agile techniques to solve complex agency mission problems, through a process that brings together agencies, industry, and citizens. The Project's website says its goal is to be "a process for engaging government, communities, and the technology industry to create digital tools that address our greatest challenges as a nation. This process helps to empower people with technology, make government data more accessible and user-friendly, and facilitate cross-sector collaboration to build new digital solutions with open data."

TOP works with other federal agencies to identify significant challenges, and then facilitates partnerships among agency leaders, industry and non-profit innovators, and citizen users to collaborate as teams in developing innovative approaches to address those challenges. The teams leverage Agile techniques to build prototype technology and process solutions over a 12-14-week time frame, and then show their work to the public so that agency stakeholders from all sectors can learn from and adapt the solutions. TOP represents a unique, cross agency program that provides a model for how agencies can work with private sector partners to develop practical approaches to complex problems in an agile, iterative fashion.

Lessons Learned and Next Steps. Efforts to institutionalize innovation has moved from an ad hoc approach to a more systematic effort over the years in the federal government. Past reports on innovation by two IBM Center authors offer both lessons and potential next steps.

Sandford Borins, in his 2014 observations for the IBM Center of two decades of Ford Innovation Award winners, encourages practices similar to those of the reinventing government era: encourage frontline involvement, create communities of practice, support local heroes, measure and report on results.

Beth Noveck and Stefaan Verhulst's 2016 report for the IBM Center highlights ways to institutionalize innovation on a larger scale: expand the analytic capacity of agencies; promote a culture of innovation by creating key positions such as chief knowledge officers, and prioritize evidence-based innovation via evidence and testing. One of Noveck's recommendations that may be particularly timely is the incorporation of an innovation ethos into presidential transition teams—by having IT and data scientists on every transition team.

Episode 27: From Reinvention Labs to innovation labs, a journey through different approaches to how government promotes innovation in agencies.

Federal Data

Building the Federal Foundation for Data—A Story of Progress over Three Decades

By Nick Hart

> *Through a series of laws, policies and initiatives, the government's effectiveness in using data to benefit the Nation has created a strong foundation for progress.*

Government collects and manages a tremendous volume of data on all manner of programs, activities, and services. But that information is not always used to its full potential to serve the public good or the American people. Building on strategic initiatives and efforts over the past 30 years, federal agencies have slowly moved more ably and responsibly to use data collected for identifying and solving problems. What are the key aspects of these initiatives in recent decades and what do they suggest about planning for 2021 and beyond?

Statutory Underpinnings. In the mid-1990s, Congress enacted a wave of data-related authorities that set the stage for efforts to improve government's information management capabilities. Key reforms affecting information management include:

- **Government Performance and Results Act of 1993.** GPRA was established to encourage agencies to undertake routine strategic planning processes while also implementing a new suite of performance metrics to support congressional and public monitoring of programs and activities across government. The law resulted in a proliferation of new output metrics across the federal government as well as a quadrennial strategic planning process for federal agencies. In 2010 Congress updated GPRA to require "priority goals," or high-level metrics that could involve both individual agencies or cross-government goals. In addition, the GPRA Modernization Act created new expectations for leadership involvement, including quarterly

reviews for core metrics by agency leadership and the Office of Management and Budget (OMB). Many leaders have moved GPRA forward within government since its passage, including former IBM Center Director Jonathan Breul and current Senior Follow John Kamensky in the 1990s at OMB and the National Performance Review, respectively; and Dustin Brown and Mark Bussow in OMB's Office of Performance and Personnel Management today (an essay in Strategic Approach 2 of this report has more on GPRA's evolution).

- **Paperwork Reduction Act of 1995.** Congress reauthorized the Paperwork Reduction Act (originally enacted in 1980) in the mid-1990s. This authority dictates processes for information collection, review, and transparency in domestic data collection activities. The law also establishes the authority of OMB's Office of Information and Regulatory Affairs (OIRA) over information and privacy policy, and establishes the role of the chief statistician of the United States. OIRA has continued to address a full set of responsibilities since this 1995 reauthorization.

- **Information Quality Act of 2000.** The IQA provides OMB authority to manage data quality and requires federal agencies to comply with certain standards and processes for ensuring the data used in decision-making retains acceptable quality. Under this law, federal agencies all adhere to OMB guidance on quality and issue, then follow, agency-specific plans. OIRA has published an influential set of guidance documents to implement the statute, most prominently led by OIRA Administrator John Graham in the early 2000s.

- **E-Government Act of 2002.** The E-Gov Act created the role of a federal e-government and IT leader who has since been designated as the federal chief information officer, a position to focus on systems integration, computer security, and broader IT budget and management policy and oversight across government. The E-Government Act also included provisions under the Confidential Information Protection and Statistical Efficiency Act to establish a new privacy framework for statistical analysis, largely applicable to the federal statistical agencies. OMB worked with Senate, House, and GAO staff to draft this bill and carry it through the enactment (see more on the E-Government Act story in Strategic Approach 2).

Each of these new legal authorities was paired with extensive regulation or guidance, and was followed by a series of activities across government to achieve Congress's intent and direction. Each law introduced a sea change for government agencies in improving IT infrastructure and data systems, applying data for performance management, and improved coordinating data collection activities across and within agencies. Despite these successes, the legal authorities also introduced new challenges in coordinating across agency leaders and a web of legal authorities related to information management.

Data-Focused Initiatives.

In part, due to the limits of the existing infrastructure and the desire to ensure information was meaningfully used in decision-making processes, three core types of activities manifested from the existing legal framework and took root governmentwide over the past decade that spanned these legal authorities.

Open Data. Improved information sharing capabilities can support efforts to build trust in government, ensure accountability for officials and programs, and promote equity and social mobility. The Obama administration, starting with the Open Government Directive on Jan 21, 2009, and the introduction of data.gov in 2010, and continuing with efforts led by the White House Office of Science and Technology Policy deputy chief technology officers including Beth Noveck and Nick Sinai, put in place a strong foundation to make progress on a variety of data sharing issues and promoting the publication of open data (read here for more on the foundations of open data in the government). In 2014, enactment of the Digital Accountability and Transparency Act initi-

ated a process for publishing more open and public data about government spending. The Obama administration also launched an entire initiative aimed at promoting open data across government agencies, which included the launch of the data.gov website as a repository for open data assets ranging from environmental enforcement to administrative operations of federal agencies. Key examples of products produced as open data include:

- As part of the Obama administration's My Brother's Keeper Initiative, federal agencies produced and published key national statistics stratified by race, ethnicity, gender, and age to provide improved insights about potential disparities in health, education, and other social determinants.

- The Department of Education launched the College Scorecard by connecting information from educational institutions with income and earnings data, ensuring college applicants had reliable information to compare graduation rates, expected post-graduation salaries, and college costs.

Data Standardization and Machine-Readability. With intentional efforts to promote open data underway, aspects of data management that are often considered more technical also expanded in federal agencies. A slow shift of paper-based reporting to digital reporting meant that more information provided to government could be machine-readable. With machine-readability, collected information also needs to be comparable. Many federal agencies like the Environmental Protection Agency have long maintained their own data standards for reporting and enforcement purposes, but increased digitization is also resulting in more cross-agency standards, including those that build on consensus standards from nongovernmental entities.

A few key examples:

- Passage of the Digital Accountability and Transparency Act of 2014 led to improvements in financial reporting data standards to ensure systems interoperability and reporting capabilities between agencies and the Department of Treasury. The result is the publication of insights about government spending on public websites like the USAspending.gov, overseen by a team of experts at Treasury who are led by Fiscal Service Assistant Secretary David Lebryk.

- Following the Great Recession, the financial regulatory agencies of the United States supported an international effort to develop common identifiers for businesses and organizations. While not yet fully adopted in federal agencies, many like the Securities Exchange Commission and the Bureau of Economic Analysis are beginning to shift data collection efforts to include these open identifiers, often in lieu of or in addition to identifiers like DUNS numbers.

- Congress passed the Geospatial Data Act of 2018, which sought to address a longstanding issue of different organizations coding and using spatial information in ways that were incompatible. The act created a standing committee to advise on consistent geospatial standards for use in federal agencies, building on informal practices that were initiated during the Obama administration.

The Evidence Movement. The publication of open data and use of standards is not enough to ensure decision makers have both access to useful information and then, subsequently, actually use the information to support key policy decisions. This "evidence movement" involved efforts to expand program evaluation capabilities, data accessibility, privacy protections, and access to studies and findings, all with the goal of providing decision makers a supply of information that could be efficiently used.

A milestone in the movement occurred in 2017 when 15 politically-appointed experts issued unanimous findings and recommendations from the U.S. Commission on Evidence-Based Policymaking about next steps in the movement; I served as Policy and Research Director for this Commission. The Evidence Commission recognized the need for government to improve access to existing administrative records for "statistical activities," while also enhancing privacy protections and building capacity for evidence building. The Evidence Commission's 22 recommendations covered these themes, many of which specifically encouraged the creation of a new National Secure Data Service to support data linking and sharing across federal agencies, state and local governments, and the research community.

Connecting Activities in New Law and Guidance. With the hope of connecting core strands of the data management and governance infrastructure, while also making progress on the Evidence Commission's recommendations, in 2018 Congress passed the Foundations for Evidence-Based Policymaking Act, bipartisan and bicameral legislation sponsored by House Speaker Paul Ryan and Senator Patty Murray. The Evidence Act's focus on capacity, open data, coordination, and privacy sought to better align the framework that in prior years became increasingly fragmented with legislative and regulatory accretion. Key aspects of the Evidence Act include:

Governance and Planning. The Evidence Act establishes a new leadership framework for data activities that includes chief data officers, evaluation officers, and statistical officials in agencies. OMB issued guidance on how to implement the leadership roles and most, though not all, agencies have now identified these officials. The Evidence Act also requires agencies to develop "learning agendas" in which they identify core policy questions to be addressed, as well as the data needed to answer those questions, which could reside in another federal agency. Interim learning agendas are to be submitted to OMB in September 2020. A recent IBM Center report I co-authored with Kathryn Newcomer and Karol Olejniczak on the implementation of agency learning agendas offers advice on emerging practices that are effective in engaging agency leaders.

OPEN Government Data Act. Title 2 of the Evidence Act specifically promotes open data in government, using the FOIA standard of openness to determine what non-sensitive information should be deemed open by default in a machine-readable format. Building on a 2013 memorandum, the law requires agencies to catalog datasets with appropriate metadata and publish the information publicly. The provisions of the OPEN Government Data Act apply to nearly every agency in the federal government. Implementation these provisions has not progressed far in most agencies, pending issuance of OMB guidance.

Confidential Information Protection and Statistical Efficiency Act (CIPSEA). The Evidence Act's Title 3 applies primarily to the federal statistical system and includes new language that codifies Statistical Policy Directive No. 1 (practices for ensuring public trust in government data), establishment of a one-stop shop for researcher access to confidential data, enhanced risk assessment practices for managing de-identification and disclosure avoidance, and a new data sharing authority that shifts the presumption of accessibility for administrative records unless a statutory prohibition on use or sharing exists. OMB has yet to publish rules or guidance documents that enable implement for many of these new authorities.

The executive branch opted to go even further than the Evidence Act requires, for example, by weaving together other data laws with emerging interests in artificial intelligence analytical applications. The Federal Data Strategy in turn outlines a series of principles and practices that federal agencies are expected to achieve over the next decade. To support implementation of that strategy, OMB published a one-year action plan with specific deliverables for agencies to support progress on the strategy.

Next Steps. Despite slow progress over the years, the pandemic and recession, as well as other policy challenges, highlight the need for rapid, governmentwide solutions to data collection, use and reducing barriers to sharing. Current and prior efforts can be leveraged to recalibrate and enhance data use, rather than discarding or disregarding the progress to date.

The next stages in improving government's data capacity will certainly include some aspect of a centrally-coordinated strategy as well as increased input and advice from those outside government. One promising endeavor is the Advisory Committee on Data for Evidence Building, established by the Evidence Act, which includes experts in evaluation, data governance, privacy, artificial intelligence, and other relevant issues. That committee is expected to offer further recommendations to OMB on how continued progress can be achieved.

The establishment and designation of new chief data officers, evaluation officers, and statistical officials across agencies complements existing senior leaders for IT, privacy, security, and project management to promote coordination and collaboration across agency C-suites. This collaboration and leadership, alongside a cohesive legal framework and clear strategy for continuous improvement, represents key elements need to ensure that the progression of data initiatives continues in a way that meets the needs of government and the nation.

PODCAST

Episode 28: A number of statutes—many seen as obscure—underpin the foundation of data activities today, explains Nick Hart.

Nick Hart is president of the Data Foundation. He previously led the Bipartisan Policy Center's Evidence Project, was the research director for the U.S. Commission on Evidence-Based Policymaking, and was a senior analyst and advisor at the Office of Management and Budget.

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Before joining IBM, Mr. Chenok was a Senior Vice President for Civilian Operations with Pragmatics, and prior to that was a Vice President for Business Solutions and Offerings with SRA International.

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In 2008, Mr. Chenok served on President Barack Obama's transition team as the Government lead for the Technology, Innovation, and Government Reform group, and as a member of the OMB Agency Review Team.

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During 24 years of public service, he had a significant role in helping pioneer the federal government's performance and results orientation. Mr. Kamensky is passionate about helping transform government to be more results-oriented, performance-based, customer-driven, and collaborative in nature.

Prior to joining the IBM Center, he served for eight years as deputy director of Vice President Gore's National Partnership for Reinventing Government. Before that, he worked at the Government Accountability Office where he played a key role in the development and passage of the Government Performance and Results Act.

Since joining the IBM Center, he has co-edited eight books and writes and speaks extensively on performance management and government reform. Current areas of emphasis include performance management, collaborative networks, strategic foresight, and citizen engagement. He also blogs about management challenges in government.

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