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BEFORE THE
SUBCOMMITTEES ON OVERSIGHT OF GOVERNMENT MANAGEMENT AND
FEDERAL FINANCIAL MANAGEMENT
COMMITTEE ON HOMELAND SECURITY AND GOVERNMENTAL AFFAIRS
UNITED STATES SENATE

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***Roadmap for a More Efficient and Accountable Federal Government: Implementing the
GPRA Modernization Act.***

Chairmen Akaka and Carper, Ranking Members Johnson and Brown, Members of the
Committee:

When I last appeared before you I committed to working with Federal agencies to maximize the use of performance information to improve the effectiveness, efficiency, responsiveness and transparency of government operations. Since then, Congress strongly expressed its commitment to the same goal by passing the GPRA Modernization Act (the Act). The law builds upon the Administration's approach to improving government performance and expects agency leaders to set goals that reflect top priorities, conduct frequent data-driven reviews, and communicate results to solve problems and improve outcomes.

I appreciate the opportunity to come before you today to discuss our shared objectives. More specifically, I will provide an update on the Administration's performance management approach, explain how we have begun to implement the GPRA Modernization Act, and discuss the path forward.

Obama Administration's Performance Management Approach

We must use taxpayer dollars in the most effective and cost-efficient ways we can, and continually search for smarter ways to serve the American people. A critical part of our effort is creating a culture of performance improvement where Federal agencies

constantly strive to achieve meaningful progress and find lower-cost ways to achieve positive outcomes.

Across 20 years in the private sector as a CEO and advisor to business leaders, I found that leadership, data-driven decision-making, and a motivated workforce that is empowered to act creates the foundation for breakthrough performance. Over the last two years, I have found the same is true in the Federal government.

This Administration has built upon the important groundwork for government-wide performance management established both by Congress and previous Administrations. We are using a straightforward approach where:

- Leaders set clear, ambitious goals for a limited number of outcome-focused and management priorities;
- Agencies measure, analyze, and communicate performance information to identify successful practices that should be spread, as well as problematic practices that need to be prevented or corrected; and
- Leaders conduct frequent, in-depth performance reviews to drive progress on their priorities.

To do this, we established the Accountable Government Initiative to save money, use resources more effectively, improve services, find the best ways to measure program success, and restore the public's trust in government. The Accountable Government Initiative is focused on the areas with the greatest need and opportunity for improvement, and we have made good progress. For example, we have curbed uncontrolled growth in contract spending. Last year, we decreased contract spending by \$15 billion -- the first year-over-year decrease in contracting in 13 years. We have intervened with numerous troubled information technology (IT) projects, reducing life cycle costs by roughly \$3 billion dollars by terminating poorly performing projects or narrowing them to focus on mission critical business needs. We are also deploying new tools and technologies to crack down on improper payments, including state-of-the-art fraud detection tools. These new tools and technologies, combined with agencies' ongoing corrective actions, helped the government avoid roughly \$4 billion in improper payments in FY 2010 alone.

We have tackled the longstanding problems plaguing the Federal government's management of its real property inventory, making significant progress toward achieving the President's goal of saving \$3 billion in this area by 2012, and proposing an innovative, comprehensive new approach to this challenge that would save \$15 billion over three years. And just a few weeks ago President Obama signed an Executive Order that requires agencies to develop customer service plans and "signature initiatives" that use innovative technologies to streamline service delivery and improve customer experience. Doing so will enable agencies to do more with less - improving the service they deliver to the American public while reducing costs.

At the same time we have been driving improvements in these cross-agency areas, we have also been working with senior agency leaders to focus on achieving ambitious improvements on outcomes in their agencies' highest priority areas. Agency leaders such as Secretary Donovan at HUD, Secretary Vilsack at Agriculture, and Secretary Salazar at the Department of the Interior have identified ambitious near-term Priority Goals in areas where they want breakthrough progress. These agency heads have charged their leadership teams with transforming the way their agencies use goals, measurement, analysis, and data-driven discussions to drive performance improvements.

This transformation is increasingly evident. Agencies are using goals not just as words on the pages of reports required by Congress or OMB, but instead as simple, powerful tools for communicating priorities and focusing agency action. For each near-term Priority Goal and for each cross-government-wide management goal, agency heads have named "Goal Leaders" or senior accountable officials responsible for progress on the goal. Goal Leaders and senior accountable officials are charged with developing action plans for their goals, setting quarterly targets or milestones, tracking and analyzing progress on their goals, and driving continual progress.

To drive progress against both our cross-agency goals and agency-specific Priority Goals, we are harnessing the power of transparency and accountability to drive results. We are using vehicles like the IT Dashboard to shine a light on performance in each area, and OMB is holding regular, data-driven reviews of progress to make sure we stay on track, and to intervene as necessary to address shortcomings.

Likewise, agency Deputy Secretaries and their equivalents at major agencies are starting to hold goal-focused, data-driven reviews at least every quarter. Secretary Donovan, supported by his Performance Improvement Officer Peter Grace, leads regular data-driven HUDStat meetings. These reviews bring key actors together, across programs, field offices, and sometimes other agencies to identify both best practices and the problems getting in the way of progress and devise plans for overcoming them. Deputy Secretary Scott Gould, supported by his Performance Improvement Officer Daniel Tucker, has enhanced the monthly performance reviews previously held at the Department of Veterans Affairs (VA) to focus more on strategic management priorities. The VA has shown great progress toward its goals, including reducing the number of homeless Veterans, a goal it shares with HUD, and facilitating Veterans' access to benefits. This data-driven management discipline is spreading across the Federal government – at the Department of the Treasury, Deputy Secretary Wolin holds quarterly reviews with each of his Bureaus on agency-wide and Bureau priorities. At the Department of Labor, Deputy Secretary Harris holds quarterly reviews to track progress with priorities in the annual operating plans each of his agency components now prepares while emphasizing evidence based strategies that connect the

Department's outputs to its outcomes. And at the Department of Commerce, Secretary Locke has met quarterly with each bureau head to review outcome metrics and leading indicators for programmatic and management goals tracked through balanced scorecards.

We are seeing an increasing number of performance leaders emerge across government in the component parts of the Cabinet agencies, too. For example, one year ago FDA launched FDA-TRACK, an agency-wide performance management program that monitors all 114 FDA program offices' key performance measures and highlighted projects. By mandating these types of data-driven reviews in law, the GPRA Modernization Act will solidify, spread, and enhance the quality of this best management practice.

Complementing agency internal reviews, each quarter agencies report progress to OMB through a website, Performance.gov, and provide an analysis of progress that we use to assess how to best support goal achievement. OMB follows-up as appropriate to support, or push progress where our engagement can make a significant difference. For example, I have personally engaged in assuring progress on the Priority Goal of improving the personnel security clearance process. Serious delays in processing security clearances prompted GAO to designate this program a high-risk area in 2005, 2007, and 2009. DOD and OPM have made great progress in timeliness and in developing tools and metrics to assess quality, and GAO removed the high-risk designation from this program in 2011. High-level attention by DOD, OMB, OPM, and the Office of the Director of National Intelligence, along with sustained Congressional oversight from this Committee, demonstrated the ability to make progress when there is agreement on the problem to solve.

As recognized in the GPRA Modernization Act, agency Performance Improvement Officers (PIO) and the Performance Improvement Council (PIC) have been key allies in finding what works and promoting adoption of the most effective and cost efficient practices. PIOs also help identify what doesn't work and needs to be fixed. PIOs and the PIC are also taking a leadership role in identifying areas where cross-agency collaboration will speed progress. For example, PIOs at the Pension Benefit Guaranty Corporation and the Social Security Administration created a Benefits Processing Working Group to share best practices and collaborate on shared challenges facing the numerous Federal agencies that process benefits.

Other cross-agency councils are similarly taking a leadership role in sharing best practices and keeping agencies focused on change. The Chief Human Capital Officers' Council, for example, regularly reviews progress and shares best practices on the government-wide goal of hiring reform.

The GPRA Modernization Act

I am pleased that the GPRA Modernization Act builds on the performance management approach we have adopted. We developed our approach based on a good, hard look at past practices in the Federal government, state and local governments, and other countries. We are also pleased that the law retains and amplifies aspects of the Government Performance and Results Act of 1993 while addressing its weaknesses. When I last testified before this subcommittee, I stated that too much emphasis had been placed in the past upon producing performance information and too little attention paid to analyzing and acting on this information. The new law will help our efforts to shift attention from just the production of agency performance plans and reports to increased focus on using goals and measures to improve the effectiveness and efficiency of Federal action.

We are working aggressively to implement the GPRA Modernization Act, and in doing so are working closely with agencies to keep the Act from becoming a compliance exercise rather than what it should be - a means to make government work better. While many of the Act's requirements are not due to be finalized until the FY 2013 Budget is published in February 2012, we are already laying the foundation to meet the Act's requirements as quickly as possible.

On April 14th, Director Lew and I sent a memo to agency heads which lays out the initial steps for implementing the Act. We asked all agencies to identify their Chief Operating Officer by May 2 and their Performance Improvement Officer by June 1. We reminded agency leaders that they and their newly designated Chief Operating Officers, with support of the Performance Improvement Officer, must by the end of June, begin running senior-led, regular progress reviews on their Priority Goals. Agencies have been instructed to develop new Priority Goals for FY2012-2013 as part of their FY2013 budget development process, and we have begun working with agencies to identify and develop effective practices for consulting with Congress. Within the next month, we will send further guidance to agencies. By the end of June, we will launch an online resource center to promote the sharing of best-practices related to goal-setting.

Mr. Chairmen, I chair the President's Management Council, which comprises Deputy Secretaries from the major agencies, most of whom will function as Chief Operating Officers. The President's Management Council is fully supportive of the actions called for by the Act. During our May meeting, we will discuss how agency leaders are using goals and data-driven reviews and the best ways to implement the Act. The PMC members are committed to using the framework outlined in the law to better serve the American people and solve problems that cut across agency and organizational boundaries.

As this Administration, Congress, GAO and others have long recognized, government sometimes tackles problems in stove-piped or fragmented ways that prevent these problems from being solved. The GPRA Modernization Act establishes a mechanism to enhance progress in areas that need cross-government coordination by requiring OMB to establish Federal Cross-Agency Priority Goals, with the first set of interim Federal Cross-Agency Priority Goals to be included in the FY2013 Budget. OMB has begun the process of identifying goals that will benefit from cross-agency coordination. As part of that, we are looking at existing Administration efforts, as well as areas identified in the recent GAO report on "Opportunities to Reduce Potential duplication in Government Programs and Save Tax Dollars." As GAO indicated in its report, Federal agencies have significant efforts underway to address these areas, and we will use the Federal Cross-Agency Priority Goals as an additional tool to make significant progress in eliminating duplication and improving coordination. We look forward to working with Congress in the coming months as we develop the first Federal Cross-Agency Priority Goals to release with the President's FY2013 budget as called for by the Act.

The GPRA Modernization Act also requires a move from the production of static, printed agency performance plans and reports to more dynamic, accessible, and useful on-line performance information. Moving from thousands of pages of printed documents to a central website with a consolidated program list will make it easier for Congress and the public to understand what our government does and how it is performing. We anticipate making an early version of Performance.gov available to the public within the next 30 days. We plan to expand and improve the public site to meet the law's expectations before the October 2012 timeframe, although the exact timing and level of sophistication for those improvements will depend upon future funding levels.

The Path Forward

Improving the effectiveness and efficiency of the Federal government is not an easy endeavor; it requires dedication and commitment throughout agencies, from the Secretary at headquarters, to the program and regional manager, to the employees on the front line. And it requires sustained support from the White House and Congress. Our success to date, and our gathering momentum, gives me confidence that together, we can change the way government works to provide the American people with the efficient, effective, high-performing government they deserve.

I thank the Subcommittee for holding this hearing, and for your commitment to improving Federal performance. We all believe in making our government work better, and I look forward to working closely with you, other members of this panel and Congress, Federal employees across the nation, and our service delivery partners to

accomplish this objective. Mr. Chairmen and Members of the Subcommittee, I would be pleased to answer any questions you may have.