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BEFORE THE COMMITTEE ON HOMELAND SECURITY AND
GOVERNMENT AFFAIRS
UNITED STATES SENATE**

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Chairman Carper, Dr. Coburn, members of the Committee, thank you for the opportunity to appear before you today. I am honored to be here to talk with you about how the President's FY 2015 Budget supports the Administration's efforts to deliver a 21st century Government. Core to this effort is the President's Management Agenda, the broad contours of which we released last week as part of the President's Budget. The Agenda's initiatives reflect the Administration's commitment to delivering better results for the American people. Whether it's improving how the Government delivers services to citizens, making it easier to access the results of federally-funded research, or saving on real estate costs, the Administration is committed to creating a Government that is more effective, efficient, and supportive of economic growth.

I also appreciate the opportunity to testify along with Comptroller General Gene Dodaro, and Administrator Dan Tangherlini. OMB has a strong partnership and working relationship with GAO. From ensuring accountability for progress on issues on their High Risk list or identifying opportunities for acquisition reform to continually evolving performance management efforts, OMB and GAO have made it a common practice to leverage their findings to inform our policy. The management reforms we are undertaking are important to mission productivity and creating positive outcomes for citizens. It is therefore important that we continue to leverage each other's respective roles to bring about real, measurable changes.

OMB has also worked closely with GSA on a number of Administration priorities, including many of the management initiatives I will talk about today. Dan's leadership has been essential in the development of the Cross Agency Priority goals which were released this week. Dan and the team at GSA are core partners in the Administration's work on effectiveness and efficiency, on which I will provide more detail later.

When we set out to design the Management Agenda last year, we began by listening. We listened to Federal workers, to business organizations and unions, and members of Congress. With help from this input, we developed a comprehensive forward-looking Agenda to improve the way the Government delivers for Americans. This effort will continue to evolve as we get feedback, deliver results, and identify new priorities. This is a living agenda; we will make adjustments where needed and expand upon areas of progress. And we would like the opportunity to work with Congress to promote reforms that will support this Agenda.

Today, I will outline the four areas of focus that make up the Management Agenda and discuss how the Budget supports specific initiatives in these areas. In addition, I will describe the Administration's plans for ensuring accountability for delivering on these priorities.

The key pillars of the Management Agenda are effectiveness, efficiency, economic growth, and people and culture.

Let me begin with effectiveness. The Administration's commitment to an effective Government focuses on delivering a world-class customer service experience for citizens and businesses. Americans today live in a world where almost anything can be accessed instantly from a phone or computer. To deliver effective services, government transactions need to be available in the simple, accessible, and easy to use formats that our citizens and businesses expect. That is why the Administration wants to invest in user-friendly experiences for common Government services. Applying for veterans' benefits or Social Security assistance, for example, should be quick and simple. The Budget request includes \$100 million for Social Security Administration customer service modernization to reduce customer wait times and enhance services to the public. The Administration also proposes investing in an eBenefits web portal at the Department of Veterans Affairs (VA) to allow veterans to access information about their own benefits.

The President's Budget also supports initiatives to allow businesses to experience higher quality service levels in their interactions with the Government. For example, we are modernizing the Federal infrastructure process for permitting and reviewing major projects, thereby reducing uncertainty for project applicants, reducing the time by half for permitting decisions, and producing better environmental and community outcomes. The Budget also invests in significantly enhancing and expanding SelectUSA, which leverages cross-agency involvement to promote and facilitate inbound investment in the United States.

The Administration will also focus on Smarter IT delivery across the Federal Government. We have made strides in improving management of IT spending, especially on the more standardized elements of IT, by institutionalizing new mechanisms like PortfolioStat, a data-driven review of agency IT portfolios. Since 2012, we have saved \$1.6 billion and improved the operational capability of the Government through the use of PortfolioStat. But, as the initial rollout of Healthcare.gov showed, we still have more to do. The Administration is committed to delivering smarter IT services, and shifting the focus of Government IT projects from simply complying with requirements to truly meeting users' needs. To do this, we need the best talent working inside Government, the best companies working with Government, and the best processes in place to ensure accountability for delivering results for the American people.

Additionally, we are focused on efficiency as we continue and improve on initiatives to streamline the way Government delivers services. That is why we are putting in place efforts to expand strategic sourcing across Government. Strategic sourcing, using the Federal Government's buying power to save on essential purchases, has already saved the over \$300 million since 2010. We are also continuing efforts to ensure that the Government has appropriate oversight and management mechanisms in place for Federal contractors

We also are focused on increasing shared services across the Government, streamlining core administrative functions that nearly all agencies use, like human resources, IT, and finance. For example, in 2015, we will be transitioning the Department of Housing and Urban Development's (HUD) core financial management functions to the Department of the Treasury in the largest financial management shared service arrangement established to date.

These efforts go hand in hand with activities underway to enhance productivity, avoid duplication, and save money for the taxpayers. As part of the Management Agenda, the Administration will expand on successful efforts to reorganize or consolidate programs to reduce duplication and improve efficiency to achieve cost savings. The Budget supports continued progress in areas such as reducing administrative overhead, cutting improper payments, saving on real estate costs, reforming military acquisition, and consolidating data centers.

As part of this effort, the cuts, consolidations, and savings proposals included in the Budget propose a Government-wide reorganization of science, technology, engineering, and mathematics (STEM) education programs designed to enable more strategic investment in STEM education and more critical evaluation of outcomes.¹ In 2012, there were more than 200 separate STEM education programs across Government. As part of the reorganization, 107 program consolidations and eliminations have been implemented or will be completed in 2014, through actions by Congress or consolidations or eliminations undertaken by the Administration. The Budget continues to reduce STEM fragmentation by proposing 30 additional program consolidations or eliminations and focuses ongoing efforts around the five key areas identified by the Federal STEM Education 5-Year Strategic Plan.

Furthermore, the Administration is continuing its efforts to reduce improper payments, which are on the decline across Government. Last year, agencies recovered billions in overpayments through audits and other methods. Ensuring that taxpayer dollars are spent properly remains a top Administration priority, and our efforts to cut improper payments will continue in the coming years.

We also continue to make progress in improving our use of Federal real estate. As the largest property owner in the United States, the Federal Government has a responsibility to use space efficiently and dispose of space we no longer need. In 2012, the Administration announced our "Freeze the Footprint" policy to stop the office space growth in the real estate inventory. This month, we will begin publicly tracking on Performance.Gov adherence to a fixed baseline of 730 million square feet.

Third in our Management Agenda: the Budget invests in the Administration's commitment to economic growth. By continuing to make Government-generated data as well as the products of Federally-funded research and development available to the public, the Government can empower individuals and businesses while promoting innovation, job creation, and economic prosperity.

Since 2009, the Administration has released tens of thousands of Government data sets to the public, while ensuring strong privacy protections are in place. Private companies have used

¹ <http://www.whitehouse.gov/sites/default/files/omb/budget/fy2015/assets/ccs.pdf>

Government data sets to bring transparency to retirement plans, help consumers find deceptive, erroneous, and fraudulent charges on their credit and debit card bills, and increase crop yields by enabling rapid adaptations to climate change through better crop selection and management. We continue to support opening up Federal data, especially for high-impact sectors like education, healthcare, energy, and tourism. For example, in FY 2015, agencies will be opening key economic indicators such as GDP, Capita Income, Personal Income, Farm Income, Earnings, and more through improved Application Programming Interfaces, making it easier for application developers and innovators to use this data.

The Budget also invests in economic growth through more effective transition of R&D results from the laboratory to the marketplace. It reflects the Administration's commitment to accelerating this transfer by proposing increased funding for the National Science Foundation's public-private "Innovation Corps" program to bring discoveries ripe for innovation out of the university lab.

The Budget also commits to expanding the use of evidence and rigorous evaluation in budget, management, and policy decisions, making better use of government data, conducting new program evaluations, and adopting evidence-based decision making structures to ensure that funds are used to their greatest effect. For example, the Budget provides new authority and new resources for the Social Security Administration, in partnership with other Federal agencies, to test innovative strategies to help people with disabilities remain in the workforce.

The fourth area of focus for the Management Agenda is People and Culture. Building a 21st century Government starts with the people who work for it. A high-performing Government depends on an engaged, well-prepared, and well-trained workforce with the right set of skills for the missions the Government needs to achieve.

The President recognizes that the last few years have been challenging for the Federal workforce. Three years of a Federal pay freeze, sequester cuts, and a 16-day shutdown of Government have made it increasingly difficult to deliver on agency missions. Yet, Federal employees continue to persevere and serve the American people with passion, professionalism, and skill. Whether defending our homeland, restoring confidence in our financial system and supporting a historic economic recovery effort, providing health care to our veterans, conducting diplomacy abroad, or searching for cures to disease, we are fortunate to be able to rely upon a skilled workforce committed to public service.

We want to make sure that these talented public servants have the right tools and are supported by a culture that values excellence and encourages innovation. We will prioritize leadership development, so that those who guide our agencies can create the best work environment for their teams and deliver the best possible results. We will recruit the next generation of Federal leaders, sustaining our workforce so it can continue to do the work of the Nation for decades to come.

We also want to invest in our Federal workforce by developing Government-wide enterprise training and resource exchanges. Agencies will learn from each other's programs by sharing the good work they are already doing in employee management. For example, the Budget includes

funding for the Office of Personnel Management to expand data-driven analytics on employee engagement and to extend leadership development opportunities for the Senior Executive Service. And beginning this year, we are launching pilot projects to look at improving recruiting, hiring, and talent deployment. We will also focus on family friendly workplace policies, including ways to effectively use telework to create flexibility for Federal workers. We want to work with employee labor unions and with Members of Congress to make progress in this area.

As you can see, the President's Management Agenda is ambitious and cross-cutting. In some areas we have already seen progress, and we will continue to launch new initiatives. As the Administration works to deliver on this Agenda, we are also committed to driving effective performance management across the whole government by using the framework developed with Congress in the Government Performance and Results Act (GPRA) and the GPRA Modernization Act.

The performance framework includes goals and performance reviews at three levels:

1. Cross-Agency Priority Goals which address implementation issues that cut across multiple organizations

The Administration has established 15 management and mission Cross-Agency Priority (CAP) Goals, which give us the tools to bring agencies together to work on issues that require close coordination. Specifically, we focused on areas requiring coordinated *implementation* across multiple agencies to achieve the desired impact.

For example, the National Economic Council, together with the Deputy Secretaries from the Departments of Commerce and State, are leading efforts to encourage foreign direct investment and spur job growth by improving Federal investment tools and resources while increasing interagency coordination. Over the last 10 years, U.S. affiliates of foreign companies employed more than five million workers, many of whom are in high-paying manufacturing jobs.

In another example, GSA and OMB are teaming up to lead a cross agency goal to improve administrative efficiency and increase the adoption of effective management practices by establishing cost and quality benchmarks of mission-support operations and giving agency decision-makers better data to compare options, allocate resources, and improve processes.

Later this spring, we will release detailed action plans for each of these goals, including specific metrics and milestones for gauging progress. The inter-agency Performance Improvement Council also will support the goal teams to ensure they are utilizing leading performance measurement and management practices.

Goal Leaders, who are senior officials within the Executive Office of the President and agencies, will review progress on the goals on at least a quarterly basis. OMB will also review progress across all the CAP goals and update the public on our progress at Performance.gov each quarter.

2. Agency Priority Goals which will be used to achieve an agency's near-term, implementation-focused priorities

Since 2009, the Administration has seen measurable progress from the use of Agency Priority Goals. For example, Treasury used its “Treasury Stat” effort to cut the number of paper benefit payments from 131 million in 2010 to 39 million in 2013, exceeding its Agency Priority Goal, saving the American taxpayer money.

The FY 2015 Budget establishes nearly 100 Agency Priority Goals focused on a range of important issues from reducing healthcare-associated infections to increasing energy efficient housing to expanding small business access to export financing. For example, in partnership, HUD and VA continue to make progress on their joint-goal to reduce the number of Veterans living on the streets, experiencing homelessness to zero by the end of 2015.

Each goal has clearly identified Goal Leaders, an action plan, and indicators which can be used to track progress. Over the past month, I personally have been engaged with the agency Deputy Secretaries, in their role as Chief Operating Officers, to confirm that they own these goals, and confirm the senior official(s) that would lead implementation. We engaged agency leadership and staff to embed the Agency Priority Goal process into their core management processes. We were pleased that the Government Accountability Office's recent report concluded that “agency officials said their reviews allowed different functional management groups and program areas within their agencies to collaborate and identify strategies which led to performance improvements.” We also recognize –as GAO suggested – that while we have made progress, there remain opportunities to strengthen these practices and we are committed to doing so. Like the CAP goals, progress against Agency Priority Goals will be reported quarterly on Performance.Gov.

3. Strategic Objectives and Annual Reviews which are a comprehensive set of the outcomes the government is trying to achieve and an assessment of the progress being made

This year is the first year we will be releasing updated agency strategic plans along with the President's budget. Strategic plans provide the agency's mission, long-term goals, strategies planned, and the approaches it will use to monitor its progress in addressing specific national problems, needs, and opportunities. From these broader strategic goals, agencies establish specific performance targets and set key milestones for the current and next fiscal year within their annual performance plans. For example, the Department of Commerce has just released its Strategic Plan with five strategic goals focused on trade and investment; innovation; the environment; data; and operational excellence as well as 18 specific objectives (e.g., increase the capacity of U.S. regional economies).

New this year, the Administration has established a strategic review policy where each year agencies will assess the extent to which progress is being made on their strategic objectives. The reviews will clearly identify those areas that have significant challenges and those making noteworthy progress. These annual reviews will begin each spring and incorporate a variety of analytical evidence to support the assessments. Specifically, for each agency strategic objective or outcome agencies will synthesize available evidence to answer key questions including: What

were the programs' impacts? How efficiently were those results delivered? Are there lessons learned and successful innovations? What future opportunities, risks, or challenges may affect outcomes?

Based on the analysis, agencies will develop a list of actions and decisions that are needed to improve performance. The results will then be used to inform the budget, legislative, regulatory, and administrative decisions within agencies, as well as with OMB and the Congress. The first results of these reviews will be released next year with the FY 2014 performance reports.

As I've noted, all of this information is available through Performance.Gov. We will be tracking our progress, and the public will be able to see how we are doing and see what is working and what is not.

In conclusion the Administration is focused on improving management to drive performance for the American people and American business in the services the Federal Government provides and in the returns and value achieved with taxpayer dollars. We have put effectiveness, efficiency, economic growth, and investments in the Federal workforce at the center of this effort.

With a strong focus on execution and accountability, we look forward to working with Congress to create a 21st century government that will make a significant tangible and positive difference in the lives of the American people.