



More Mission for the Money

A Keynote Address by
Dr. Shelley Metzenbaum

OMB Associate Director for Performance and Personnel Management

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It's great to be here today with so many people who share my passion about and commitment to excellence in government. Who share the belief that the government matters profoundly for the wellbeing of people of this country, and who understand how important it is that the government performs at the highest possible level.

Also, Tim, I'd like to congratulate you on the 15th anniversary of the Excellence in Government conference. For fifteen years, this conference has brought together people who care about improving government performance to talk about best practices and to support each others' work. This conference has been part of a lasting movement that has crossed administrations, a movement that represents a continuum from its beginnings in the National Performance Review reforms of the Clinton Administration, and even before, through the Bush Administration, and now with the Obama Administration's initiatives to improve performance. Some of you here today, both as speakers and among the audience, have been part of this change since the beginning. Others have more recently joined the transformation. It is good to talk with you all.

President Obama believes strongly that government *can* and *does* make a difference.

And he has issued us a challenge. "If we believe the government can make a difference in people's lives," he said, "we have the obligation to prove that it works – by making government smarter, and leaner and more effective..."

MORE FOR LESS

The President has challenged us to deliver a government that works, and, in these difficult fiscal times, to deliver more for less.

If you're in this room, you've probably already taken up this challenge and you know it has a lot of dimensions. It's about cutting waste and reducing unnecessary costs, it's about making hard trade-offs among competing priorities, and it is also about delivering more mission for the money.

CUTTING WASTE

Vice President Biden is spearheading the Administration's Campaign to Cut Waste, launched last June, which aims to cut waste and costs and to drive efficiencies across government. Federal agencies are responding in innovative and exciting ways, tapping new technologies to find spending anomalies and new ways to save. They are also enlisting the public's help to identify questionable patterns that trigger focused follow up questions. These questions, in turn, can lead us to discover outcome-improving and cost-cutting opportunities, and to share information and best practices across agencies.

Improper Payments

We are using new technologies and enhancing our audits, for example, to help us find improper payments.

One way we are doing that is by mapping payment patterns. On Recovery.gov, for example, you can drill down on a map and find exactly where each grant or contract was sent. This empowers citizens to see who is getting Federal funds in their neighborhood and to report any suspicious behavior or activities. During the Recovery Act, we saw this happen, where local citizens using Recovery.gov, submitted tips about possible improper payments to Inspectors General via the Recovery.gov hotline.

We are using new technologies to work smarter across government. In 2010, for example, the Department of Education set up a new online application process for Federal Student Aid that lets applicants for student aid go to an IRS website to transfer their income information directly to their application. This process makes it easier for parents and students to apply. It has also helped us bring the error rate for Pell Grants down to 2.7 percent from 3.1 percent over the last year.

That's a win-win solution.

We are also building technology partnerships with the private sector to reduce improper payments. The Social Security Administration recently completed the nationwide rollout of its electronic partnership with financial institutions. When fully implemented, we expect this public/private partnership to save 20 dollars for each dollar spent.

Demand Management and Strategic Sourcing

Agencies are also getting increasingly savvy at studying their own spending patterns to find ways to save.

The Department of Commerce, for example, gathered information from across its vast conglomerate of organizations about cell phone usage patterns. Where did it have more cell phones than people? How did the rates that one group paid compare to the rates paid by other groups?

By shutting down unused lines and optimizing the rates paid across the agency, Commerce quickly realized a half million dollars in savings. Commerce is going after millions more in savings by getting better discounts on office supplies with bigger buys.

Smarter printing practices. More two-sided printing, color printing only when essential, and fewer desktop printers.

Strategic sourcing for small package delivery. Using best price delivery for everything shipped.

Strategic sourcing for computer purchases. When Commerce gathered information about computer purchases across the agency to see if it could get a better buy with a larger buy, one vendor, on the spot, offered significant reductions in the unit prices it was charging. Bigger buys for better buys.

Demand management. Strategic sourcing. That's what it's called. It ain't sexy, but it saves.

Commerce is not alone. FEMA similarly slashed its cell phone bills by paying more attention to utilization rates. The Department of Homeland Security is aggressively strategic sourcing, not just for the office supplies and computers – focal areas for government-wide strategic sourcing efforts – but also for areas more unique to DHS agencies, including ammunition and uniforms.

And last week, building on these successes, the President took action to spread these successful cost-cutting practices across the Federal Government. He signed an Executive Order instructing agencies to reduce spending in certain areas by 20 percent. This includes reducing travel; limiting the number of information technology devices to individual employees; stopping unnecessary printing; shrinking the executive fleet; and stopping the use of taxpayer dollars to buy swag. The EO directs agencies to find effective practices and promote their adoption and to innovate to find even more effective cost-cutting practices that enable the government to accomplish more for less.

PRODUCTIVITY IMPROVEMENTS

Pushing productivity is another way we are getting more for less. Data center consolidation. Cloud computing. Electronic filing. We are going at it in multiple ways to deliver more for less.

Data Center Consolidation

The Administration's Federal Data Center Consolidation Initiative is shutting down data centers we don't need and consolidating and optimizing the ones we do. Why? Because, the Federal Government quadrupled the number of data centers it operated between 1998 and 2010, and, on average, servers in our data centers use only 27 percent of their computing capacity, but still operate at full cost to house, power and cool the centers.

Agencies are on track to close 962 data centers through 2015, 472 of them by the end of next year. These efforts will eventually save the government more than \$5 billion.

More for less.

Cloud Computing

Cloud computing promises similar savings. But the shift to cloud computing does more than save money. It will also make it easier for Federal agencies to enjoy innovations in cloud technologies more quickly as they evolve.

Electronic Filing

Agencies are also achieving more for less by increasing electronic filing rates.

The Department of the Treasury set out to increase electronic payments, collections, and savings bond transactions by 33 percent by the end of FY2011 and reach a 74.7 percent e-file rate for individual returns. When fully implemented, it expects the move to electronic processing to save over \$500 million.

Progress is being made. IRS received nearly 142 million individual returns, over 69 percent, via e-file in the 2010 filing season. That is up from 66 percent in 2009, saving over \$10,000,000.

Easier access for the public. Less cost for the government. Good for the environment.

Win-win-win.

That's smart government.

The Social Security Administration is on a similar path. It wants to increase online benefit applications to make it possible for more people to conduct business at their convenience and to reduce processing times. And it, too, is making real progress. By the third quarter of FY2011, 40 percent of retirement applicants who could file online did, up from below 11 percent for the same period last year. On-line applications from disability applicants who can file online are also up to 32 percent, from 24 percent last year.

SSA pulled this off with strong customer support. Its online applications consistently rank at or near the top of all public and private sector web sites surveyed by the American Customer Satisfaction Index (ACSI). An impressive 98 percent of respondents rate their overall satisfaction as "excellent," "very good," or "good."

Electronic filing at SSA is smart now and even more important in the future. Nearly 80 million baby boomers will apply for retirement benefits over the next 20 years. In addition, the recent recession increased demand for both retirement and disability claims much higher

than expected. In the last two years, retirement, dependent, and survivor's claims were up 9 percent, and disability claims up 21 percent more than originally projected.

More service. More speed. More for less.

DELIVERING MORE MISSION FOR THE MONEY

To get the most mission for the money, cutting waste, smarter spending, better service quality are absolutely essential.

Strategic sourcing. Demand management. Boosting productivity. That is how we want to operate.

Opening up government. Being more responsive to customers. That is how we want to operate.

But we also need to keep our eye on the prize. We must make sure the people in our agencies keep connected to the people and communities they serve across America, and make a difference in their lives.

To do that, we want people in Federal agencies to be clear about what they want to accomplish so they don't get stuck in the rut of doing what they have always done.

We want agencies constantly working to identify and promote effective practices and fix or eliminate those that are not.

We want them constantly asking – are we getting the job done? Is this the smartest way to deliver? Or is there another approach that might accomplish more with the resources we have available?

Thriving children. A robust economy. Healthy people. Clean Water. Clean Air. Safe communities. Sustainable communities. Serving our veterans as they have served us. Effective engagement in other parts of the world.

These are the challenges we face as a nation, and they are complex. And we are making a difference.

Let me highlight just a few areas of progress.

Energy

Federal agencies are helping American homes and businesses become more energy efficient and reducing our dependence on oil. Over the last two years, the Department of Energy supported energy conservation in over a half million homes and saved those energy billpayers over \$400 a year each, reducing their annual energy consumption by more than a third. This

work has also reduced greenhouse gas emissions nearly 1.5 million metric tons. HUD has similarly reduced energy consumption at another 120,000 HUD-assisted housing units.

At the Department of the Interior, other important energy developments are underway. Interior has permitted over 6,000 megawatts of new renewable energy capacity on its lands. Fully developed, this will be enough to power more than 1 million homes. At the same time, the Department of Energy is speeding development of the next generation of U.S. batteries for plug-in electric vehicles.

Education

Similar progress is being made in education. America cannot lead without the most educated, competitive workforce. Nations that out-educate us today will out-compete us tomorrow. Understanding this, the President set a goal that by 2020, the United States will have the highest proportion of college graduates in the world. And to do that, we are tackling challenges in our pre-K, K-12, community college, and college system.

One such challenge was fixing the inefficient student loan program that previously existed. On March 30, 2010, the President signed the Student Aid and Fiscal Responsibility Act under which the Department of Education would originate, rather than guarantee, all new student loans starting July 1, 2010. The Congressional Budget Office estimated the switch would save taxpayers more than \$60 billion over ten years.

The Education Department delivered this transition on time and successfully. Within six months of the law's enactment, 97 percent of all domestic schools, accounting for 99 percent of all borrowers, were able to provide Direct Loans. This fundamental change in the student loan program happened with minimal disruption to schools or to students getting financial aid at one of the busiest times of the academic year.

More mission for the money.

But that is only one small piece of our efforts to deliver better using performance-based delivery mechanisms. We are pursuing other changes to create a performance-focused, evidence-based education system across the country, partnering with states, localities, and private sector delivery partners. If you are not familiar with the approach we are taking in early childhood and K-12 education, I urge you to get familiar with it, because the performance-focused, evidence-based changes being adopted in the education area are paving paths for other parts of government.

Race to the Top grants are being used to enlist eager performance partners: state and local education leaders who are willing to commit to rigorous standards and high quality assessments and build better data systems that will inform decisions and improve instruction. The grants are being used to identify delivery partners who are committed to attracting and retaining great teachers because the evidence tells us they are key to education success. The

grants are being used to identify delivery partners who are willing to adopt the most promising evidence-based practices and innovate to try to turn around the lowest performing schools.

Education developed a three-tier grant funding strategy, Invest in Innovation, I3, to encourage three complementary but distinct performance-improving practices among its state, local, and not-for-profit delivery partners: scaling-up, validating, and developing new effective practices.

First, I3 offers scale-up grants to promote adoption of the most effective practices, as identified by strong evidence. It is a pretty simple idea. Search for best practices and then promote their adoption.

I3 also offers validation grants to support replication demonstrations. In other words, I3 grants are available to test promising practices that have worked in one place or situation but need to work in others before being promoted for broader adoption.

Finally, I3 offers smaller development grants to support the testing of new high-potential practices.

It is also worth noting that applicants for funding can apply for any of the three grants, depending on needs in their community, it's not one size fits all. Also, precedence is given to applicants with demonstrated strong past performance, reinforcing the department's commitment to performance-based delivery.

HHS is similarly taking a much stronger performance-focused approach to early childhood education grants. Last week, HHS published new regulations that will – for the first time – require all low-performing Head Start grantees that fail to meet a set of rigorous benchmarks to re-compete for continued federal funding. The new rule introduces unprecedented, and smart, accountability into the Head Start program.

Head Start is a top priority for the Administration. It helps children from low-income families achieve their full potential and, in turn, helps our country build tomorrow's workforce. Today, Head Start and Early Head Start serve nearly one million of our nation's most vulnerable children and families.

It works, but it could work better. To make that happen, over the next four years, the Department of Health and Human Services will review the performance and program quality of all Head Start grantees. Those that don't meet the quality benchmarks will be required to compete for continued funding.

Any low-performing Head Start grantee will have to compete for funding if they have deficiencies discovered during their onsite review, fail to establish and use school-readiness goals for children, or score below quality thresholds on a valid and reliable observational measure of teacher-child interaction.

In addition, grantees will also be required to compete for federal funding if their state or local license has been revoked, if its Head Start grant has been suspended, or if fiscal or management issues prevent them from properly managing federal funds.

Based on analysis of recent program data, it is estimated that one-third of all grantees will be required to re-compete for continued funding under this new rule.

This, and other reforms, will direct taxpayer dollars to programs that provide high-quality Head Start services and ensure Head Start programs provide the best available early education services to children in every community.

Performance-based grants.

More mission for the money.

Health

Federal agencies are also beginning to test the power of goals and measurement to create powerful, change-driving performance partnerships. The Department of Health and Human Services is using the power of well-framed goals to enlist external allies to achieve better care at lower cost through its Partnership for Patients program. The Partnership has two specific goals:

By the end of 2013, keeping patients from getting injured or sicker by decreasing preventable hospital-acquired conditions by 40 percent compared to 2010. Reaching this goal could result in 1.8 million fewer injuries to patients and save more than 60,000 lives over three years.

Helping patients heal without getting a preventable complication when they transition from one care setting to another. This should reduce hospital readmissions by 20 percent compared to 2010, resulting in 1.6 million fewer patients needing to be re-hospitalized within 30 days of discharge.

HHS has reached out to leaders of major hospitals, employers, health plans, physicians, nurses, and patient advocates along with State and Federal governments to sign up for this partnership. Already, more than 2,000 hospitals and 4,000 additional partners, including physician and nurses groups and employers, have pledged their commitment.

The Partnership for Patients could save tens of billions of dollars in Medicare and Medicaid.

Performance partnerships.

Healthier people. Lower cost.

More mission for the money.

Economy

And Federal agencies continue to make progress supporting the small businesses that boost our economy. To increase access to SBA programs available at local banks and branches across the country, the Small Business Administration nearly doubled the number of active lending partners, from 1900 in December 2009 to 3500 today. Loans approved by active lenders reached nearly 20 million in FY2011, up from 12 million in FY2010 and 9 million in FY2009.

HOW WE ARE DELIVERING MORE MISSION FOR THE MONEY

So, how are we delivering more mission for the money?

In truth, it ain't sexy, but it is smart, performance-focused, and evidence-based.

We have gone back to the basics, management 101.

Set goals. We have asked agencies to set goals that are ambitious and encourage innovation, but are also realistic, and focused on outcomes – or on intermediate outcomes or actions that clearly support outcomes – to keep their eyes on the prize.

Measure progress. Search for and spread successful practices. Develop and measure pilots when we cannot find effective practices.

And manage using the measurement. What do I mean by that? We need to ask, constantly, if what we are doing is working and whether it can be done better or for a lower cost. And when something is not working, we need to understand why so we can fix the problem.

But we are also guided by a 21st century sensibility that taps into new information and communication technologies. These let us dig more deeply into data and to network and use transparency to enlist expertise and assistance and boost our accountability to the American people.

Across the government, we are using goals to provide clarity of purpose, communicate our objectives, and focus our efforts.

We are using government-wide management goals, such as reducing improper payments.

We are using agency-specific goals, some focused on outcomes, to deliver more mission for the money. These goals include having fewer homeless veterans, states better prepared to handle health emergencies, and cleaner water through smarter agricultural practices and more targeted enforcement. Other goals are focused on organizational efficiency and customer responsiveness, such as the e-filing goals of Treasury and Social Security.

We are also working on setting cross-agency Federal priority goals as part of the FY2013 budget process.

But we are not letting goal-setting become a paper exercise. We expect agency leaders to set priority goals and manage progress regularly, holding constructive performance reviews at least every quarter. You heard Secretary Donovan talk about that this morning.

And we are seeing these reviews take place across government. Some agencies have opted to focus only on agency priority goals. Others have worked with their bureaus to set priority goals, and are running constructive performance reviews every quarter or more often on them, as well. We are not mandating one-size fits all, but allowing adaptation to organizational culture, even while we are making sure these meetings happen.

A few Federal agencies are calling their performance progress reviews Stat sessions. This borrows from the CompStat, the name the NYPD coined to describe its frequent data-driven performance reviews that used computerized statistics, and helped the NYPD drive down crime in the city. Others aren't naming it; they are just doing it.

Just a few months ago, the Chief Human Capital Officers (CHCOs) invited a national expert to speak about PerformanceStat programs, programs that adopted CompStat practices to make government work better. He was speaking to the CHCOs, mind you, not the Performance Improvement Officers (PIOs). The speaker asked how many had heard of CompStat, and only three people raised their hand. At the end of his talk, though, one of the CHCOs raised his hand to say, we aren't calling it Stat but we are doing this in our agency.

Change is happening.

We are seeing agencies, in preparation for formal and informal reviews, dig deeper into their data to look for patterns, anomalies, and relationships and we are seeing agencies use these analyses to ask smarter follow-up questions that lead to performance and productivity improvements. Why aren't all the vouchers that are being distributed being used? Why are infection rates dropping faster in one hospital than another?

We are also seeing more agencies initiate evaluations and literature searches to complement what they cannot learn simply by analyzing the performance data they regularly collect.

And we are seeing growth in interagency working groups that share best practices. One, for example, is made up of agencies that staff their COOs to run the data-driven performance reviews on priorities. Another is bringing benefits processing programs together.

And we are watching this emphasis on mission, on measurement, on managing, bring down stovepipes. Yesterday, a working group of the Labor-Management Council, made up of agency CHCOs and union leaders, who were asked to make recommendations to improve employee performance management, offered recommendations that start with a heightened emphasis on organizational performance. They recommended an employee performance

management framework they dubbed the GEAR model, which stands for goals, engagement, accountability and results. Six agencies — the departments of Veterans Affairs, Housing and Urban Development, Energy and Labor, along with the Coast Guard and the Office of Personnel Management — have agreed to pilot test the GEAR framework.

If these recommendations had been developed by a working group of PIOs, the recommendations would not be surprising. But the GEAR framework is the product of Chief Human Capital Officers and labor unions working together. Hints of the stovepipes beginning to disappear as we transition to a performance culture.

Federal agencies are filled with people who have chosen a profession of public service. They want to make the world a better place. For most Federal employees, seeing their work make a difference is their strongest motivator, so we need to make sure employees can see the connection between what they do and why they are trying to accomplish. We need to connect people in government more directly to the people we serve.

What we do in the Federal Government is important. And this Administration is working hard – everyone in the government is working hard – to make sure that we are conscientious stewards of every taxpayer dollar we spend. The American people rightly expect no less from us. This is why we must embrace and deliver on the President’s challenge to make the government smarter, leaner, and more effective.

More for less.

More mission for the money.

Thank you.