

Prepared Remarks of Jeff Zients
A. Alfred Taubman Forum on Improving Government Performance
Washington, DC
March 22, 2010

While I enjoyed my time in the private sector, I always wanted the opportunity to serve in government. So when I got the call two years ago asking if I wanted to be a candidate for the role of Chief Performance Officer, the move instinctively felt right.

It was clear to me from the very beginning that President Obama was committed to truly transforming our government. It was clear that he was committed to actually doing what it takes to make it work better for the people it serves. And for the past two years, the President has driven that priority at every opportunity.

It's what he talked about in his inaugural address when he said that the question we need to ask ourselves is whether our government works. "Where the answer is yes," he said, "we intend to move forward. Where the answer is no, programs will end. And those of us who manage the public's dollars will be held to account..."

It's what the President was talking about in his State of the Union address back in January when he spoke about winning the future. He spoke about "out-innovating, out-educating, and out-building our global competitors and making "America the best place on Earth to do business," and "tak[ing] responsibility for our deficit." In that speech, he stated: "We can't win the future with a government of the past." But unfortunately, right now, in many ways, that's exactly what we have – we have a government of the past.

As many of you know, the last major re-organization of the federal government took place during the Truman Administration, mainly through the work of a Commission led by former President Herbert Hoover. Changes to our government since then have generally been smaller and more targeted. We've seen departments created in response to the crisis of the moment, or to fulfill a campaign promise. We've seen big departments broken into smaller departments, which, over time, have grown into big departments of their own. Rarely have we seen departments or agencies downsized, much less eliminated.

But step back and think about how much has changed since the 1950s. As the President put it in the State of the Union, that was "the age of black-and-white TV." This is the information age.

We've seen the rise of the Internet, the globalization of our markets, the explosion of our deficit, the aging of our population, and the transformation of our national security landscape. Our lives today are totally different from those of our grandparents – but our government isn't. Because while the times have changed, in many ways, our government hasn't.

We still have roughly the same overall government structure that Herbert Hoover designed six decades ago. We've just added layers of new agencies and programs over the years. And no matter where you fall on the political spectrum...whether you consider yourself a Democrat, a Republican, or none of the above...we can all agree that if we were starting from scratch today, we'd likely wind up with a very different mix of agencies and departments.

And the problem here isn't just how the government is structured, but how well it works. Our government is filled with talented, dedicated, public-minded employees. They've chosen this career path because they want to help people. They've chosen it because they want to serve their country.

But for too long, many of their best efforts have been undermined by outdated systems, and by outmoded processes that waste taxpayer dollars and don't deliver results. The truth is that the revolutions in technology and operations that have transformed the private sector haven't always found their way into government.

Think about how the best companies operate. These companies are constantly evaluating their performance and changing their practices to improve their products and boost their bottom line. They're constantly restructuring to operate more efficiently and provide better customer service. They're continuously seeking out and embracing the most cutting-edge technologies available. That's how they've increased productivity year after year. That's how they compete with other companies around the world.

Now, compare that approach to what we've seen in the federal government over the past few decades. Let's start with technology. Despite spending more than \$600 billion over the past decade on information technology, government productivity has remained relatively flat. And that's because while we've spent a lot of money on technology, we didn't always spend it wisely.

Over the years, government IT projects have too often been over budget, behind schedule, or simply haven't worked. For example, following the 2000 Census, the Census Bureau decided to invest in developing handheld technologies to help workers do their counts. But after spending tens of millions of dollars, they ran into timing and development problems. So in 2010, in an era of smart phones and high-speed wireless, our census-takers were pounding the pavement with pens and paper.

And then there's the problem of waste. Take improper payments. These are the tens of billions of dollars of payments that the government has made each year to the wrong people, or in the wrong amount, or without proper documentation. Believe it or not, these include payments made to people who are dead, or in jail, and to companies that have actually been barred from doing business with the federal government.

Then there's the waste and inefficiency resulting from overlap and duplication within and between agencies. There are dozens of programs and offices throughout the federal government that are providing overlapping services to the same populations. And they each incur their own administrative and program costs. For example, we have 38 small, narrowly-focused K-12 education programs that largely duplicate each other and aren't focused enough on getting results.

All of this would be unacceptable at any time; these are taxpayer dollars we're talking about – and we have a responsibility to use them wisely. But it's particularly unacceptable today, when we have a pressing need to rein in our spending and reduce our deficits. When families are watching every penny, and making hard choices, they have a right to expect their government to do the same.

And all of this goes beyond waste. When government doesn't work as it should, it affects everything from whether small businesses can get loans, to whether students can get money for college, to whether our men and women in uniform can get the benefits they've earned.

So when it comes to the organization and performance of our government, I think we can all agree that we're at a critical moment, and more importantly, a moment of opportunity. And the question is

what are we going to do about it? The question is whether we're going to do what it takes to build the government we need for the challenges we face. I'm here today because I'm confident that we will.

I'm confident because of the leadership I've seen at the very top. And I'm confident because of the progress we've already made. When President Obama took office, he launched a government-wide, top-to-bottom effort to improve efficiency, to cut waste, promote openness, and make government work better for the American people.

We started by going through the budget line-by-line, with the goal of keeping programs that work and cutting ones that don't. In our first two years in office, we identified approximately 120 areas to streamline or cut, for a savings of about \$20 billion each year and we got an unprecedented number of these cuts put into law. In this year's budget, we've proposed more than 200 cuts, savings and reductions that would save more than \$33 billion. For example, remember those 38 different education programs I told you about? This year's budget proposes consolidating them to just 11 programs – and eliminated another 12 programs that are duplicative or are no longer needed. This will both save us money and better serve our students.

We're also tackling those improper payments by deploying the same kind of cutting-edge fraud detection tools and audits used by the private sector. And we're creating a government-wide do-not-pay list designed to prevent those payments to dead people and others who shouldn't be getting checks from the government. Last year, we recaptured almost \$700 million and avoided billions more of these payments.

We're also making it easier for people to access vital information with a website called data.gov. We've already posted more than 300,000 datasets – from toxic release levels, to crime rates, to data on consumer product recalls of everything from food to prescription drugs to motor vehicles. And innovative citizens and companies are now taking that information and using it to create new applications. For example, someone took FAA flight data and weather data that we posted, combined it with twitter feeds from people standing in security lines at airports, and created an app that tells people when they should leave their home or office for their flight.

Government agencies are using this information as well. The Consumer Product Safety Commission took that product recall information I mentioned and created a new application. This application lets you use your smartphone to scan a product's barcode and immediately find out whether it's been recalled. So today, an expectant mom can walk into a store, scan the bar code on a crib, and find out whether it's safe or not.

So as you can see, we're finally starting to bring our government's technology into the twenty-first century. At the beginning of this Administration, President Obama named our nation's first ever Chief Information and Chief Technology Officers. And over the past two years, we've conducted an in-depth, nuts-and-bolts review of more than 50 high priority government IT projects. We've terminated some projects altogether. And we've streamlined others, cutting unnecessary bells and whistles that waste money and don't deliver results. Overall, we've cut delivery times in half. And we've reduced the overall budget for these projects by \$3 billion and counting.

We also recently announced a new initiative to sell off excess government real estate. The government is the country's largest real estate owner and has billions of dollars tied up in thousands of buildings and properties that are no longer used. We're talking about entire office buildings and warehouses standing empty. But for years, it's been far too hard to get rid of them. There are just too

many political and bureaucratic hoops to jump through. So we're wasting money securing, maintaining, and paying energy bills for properties that aren't even used. Just last month, we proposed a very simple plan to put an end to this. We want to establish an independent board that would make recommendations to Congress on what properties to sell. Congress would then take an up or down vote. This new approach would save us another \$15 billion over three years.

Finally, we're transforming our approach to government contracting. Over the past decade, the amount of goods and services our government buys has literally doubled. It now exceeds \$500 billion a year. But last year, for the first time in 13 years, we actually decreased contract spending by \$15 billion.

We did this in part by having agencies pool their purchasing power. The federal government is the world's largest purchaser, but we've previously fail to take advantage of this. Take the very basic example of office supplies. More than 100 federal organizations have been purchasing these supplies separately like 100 medium-sized businesses. And they've been paying significantly different prices on any given day for the exact same pens and paper. We're changing this with a new, government-wide contract for office supplies that will save the average agency 20% off the prices they've been paying.

So we've made real progress here. And we're proud of what we've achieved. But we also know that this is just the beginning. As President Obama said in his State of the Union, when it comes to transforming our government, "We need to think bigger." That's why the President has instructed us to develop a proposal to, "...reorganize the federal government in a way that best serves the goal of a more competitive America." And he's asked us to start by focusing on the parts of our government that handle trade, exports and business competitiveness.

The President has set a goal of doubling exports by 2015. And we want to make sure that our government is doing everything possible to help our businesses meet that goal – to help them get their products to markets around the world so they can create jobs here at home. That's precisely what many of our global competitors are doing. Like us, they want to boost their economies. Like us, they want to reduce their deficits. So they're cutting waste, and streamlining their operations. And they're restructuring their governments to focus on making their businesses more competitive.

In recent years, countries from South Korea to Germany and the UK have all undertaken re-organization efforts to better promote trade and exports. And here in the U.S., it's increasingly clear that we have good reason to do the same. Right now, there are at least twelve different government agencies involved in trade and exports, and many of these agencies are doing much of the same thing. For example, half a dozen agencies play a role in promoting our exports abroad. And as a recent GAO study highlighted, there are 80 domestic economic development programs, 52 of which fund "entrepreneurial efforts."

All together, the departments and agencies focused on trade, exports, and business have more than 2,000 local, regional, and partnership offices. And many of these offices are using outdated technologies and processes. So if you're an American business – particularly one of our millions of small and medium sized businesses – you often don't know where to begin.

These companies are the engines of innovation and job creation for our economy. But many of them don't have the financing and relationships they need to sell their goods abroad – and they very much want help to make these connections. They want help to figure out which markets are best for their

products and how to compete in those markets. But many have told us that they simply don't have the resources to figure out which government program – at which agency – can help them. They don't have time to visit multiple offices or fill out multiple forms.

So while we're very much at the beginning stages of our work, and we don't have any preconceived notions of what changes should be made, we know we can do better. We know that it's been far too long since we've taken a hard look at the structure and organization of our government. We know that other countries are pulling ahead, and if we don't act, we risk being left behind. And we know we have a real opportunity here to better support our businesses, so we can create jobs and strengthen our economy.

However, we also know that the answer isn't to move boxes simply for the sake of moving boxes. We know there are very real costs that come with any kind of restructuring, particularly in government. So any changes need to bring significant benefits. To get this right, we'll need ideas, input and advice from as many stakeholders as possible.

That's why we've begun this process by reaching out. We've been talking to businesses of all sizes to hear about their experiences with our government. We've launched a website where government employees can share their advice and ideas, because those on the frontlines often know best what's really working and what isn't. We're speaking with agency heads, former Cabinet secretaries, unions, and good government experts. And we're meeting with members of Congress and their staffs and will continue to do so going forward.

Finally, I want to be clear that we have no illusions about how difficult this will be. But we also know that we're at a unique moment in our history. Whether it's our unsustainable deficits, or the unprecedented challenges we face, the fact is that our country cannot succeed in this new century with a government from the last one. We can't just keep doing what we're doing. Failing to act simply isn't an option.

With that, I want to thank you again for having me here today. And I welcome both any questions you may have – and any ideas and advice that you'd like to share.