A GOVERNMENT OF THE FUTURE

"We cannot win the future with the government of the past."

—President Barack Obama, State of the Union Address, January 25, 2011

The President is committed to creating a Government that makes a significant, tangible, and positive difference in the economy and the lives of the American people, and to driving lasting change in how Government works. This Administration has launched successful efforts to eliminate wasteful information technology (IT) spending, reduce the Federal real property footprint, modernize and improve citizen-facing services, and open tens of thousands of Federal data sets to spur innovation in the private sector. Yet, despite this progress, public trust in government remains low and there is more work to be done.

The Administration is ramping up its efforts to restore this trust through investments that modernize and improve how the Government serves citizens, and through initiatives that maximize the impact of taxpayer dollars. Past investments in management priorities have resulted in a significant return. For example, an $11 million investment funded the development and execution of the PortfolioStat initiative, a data-driven review of agency IT portfolios. This work, along with other OMB and technology reform and implementation efforts, has saved over $2.7 billion in the past three years. This represents a return on investment of nearly $245 for every $1 invested. In 2016, the Administration proposes over $450 million to drive forward progress on cross-agency management priorities. This includes new funding to support the teams leading cross-agen-cy priority goals and to promote Federal spending transparency. It also increases support for ongoing initiatives—such as the U.S. Digital Service (USDS), PortfolioStat, Freeze the Footprint, and Open Data—that have already had an impact on improving Government operations.

The Budget fully supports the President's Management Agenda, a comprehensive and forward-looking plan to modernize and improve government to ultimately deliver better, faster, and smarter services to citizens and businesses. The President's Management Agenda is built on four pillars: Effectiveness—delivering world-class customer service to citizens and businesses; Efficiency—enhancing productivity and achieving cost savings across the Government; Economic Growth—opening Government-funded data and research to the public to spur innovation, entrepreneurship, economic growth, and job opportunities; and People and Culture—unlocking the full potential of today's Federal workforce and building the workforce needed for tomorrow.

Since launching the Management Agenda last year, the Administration has seen significant initial success in each of these four pillars. The Administration launched the USDS, a small team of our Nation's digital experts working to build the Federal Government's capacity to deliver world-class services to the American people. We stepped up our focus on delivering

better customer service, increased agency use of shared services and strategic sourcing, ramped up agency progress and compliance with the Administration's open data policy, and started work on an ambitious plan for Senior Executive Service (SES) reform.

In addition to the Management Agenda, the Budget also supports the President's plan to reorganize the Federal Government so that it does more for less, and is best positioned to assist businesses and entrepreneurs in the global economy.

EFFECTIVENESS: DELIVERING WORLD-CLASS CUSTOMER SERVICE FOR CITIZENS AND BUSINESSES

Government must be able to keep pace with the innovation and user experiences that the American people and businesses expect. Throughout 2014, the Administration piloted new and innovative approaches to increase the Government's ability to drive impact for Americans on national priorities, including initiatives that help veterans find employment and help workers invest in safe and affordable retirement accounts. The Budget invests in scaling those pilot programs and processes that have proven successful. Ultimately, a more effective Government will more efficiently use taxpayer dollars to better deliver for citizens.

Ramping Up Smarter Information Technology Delivery

The Administration has embarked on a comprehensive approach to fundamentally improve the way that the Government delivers technology services to the public. Top technologists and entrepreneurs are being recruited to work within agencies on the highest priority projects. The best processes are being leveraged to increase oversight and accountability for IT spending. In addition, several efforts are being piloted to improve IT procurement and ramp up Government contracting with innovative companies.

People. Getting the best talent working inside of Government is a key component of the Administration's Smarter IT Delivery strategy. In 2014, the Administration piloted the USDS by recruiting a select group of private sector innovators, entrepreneurs, and engineers to Government service. Since standing up, this team of America's best digital experts has worked in collaboration with Federal agencies to implement cutting-edge digital and technology practices on the Nation's

highest impact programs, including the successful re-launch of *HealthCare.gov* in its second year, the Veterans Benefits Management System, and an improved process for online visa applications, among others. In addition to their work on these high priority projects, this small team of technical experts has worked to establish best practices and recruit still more highly-skilled digital service experts and engineers into Government.

Every agency in Government has citizen-facing digital projects that are critical to its mission. Too often, these services have been delivered over budget, behind schedule, and in ways that do not meet citizen needs. Unsurprisingly, since the launch of USDS in 2014, there has been significant demand for its expertise, from project design and development to recruiting technical experts. To address this problem, the Budget scales and institutionalizes this new approach to technology by providing funding to 25 agencies for the development of their own agency digital services teams. These small, high-impact teams will drive the quality and effectiveness of the agencies' most important digital services. USDS will work closely with agencies to stand up these teams by providing support for hiring, training, and procurement.

Process. The Administration has made significant progress encouraging data-driven processes to provide effective oversight of Government IT. By establishing mechanisms such as PortfolioStat, a data-based review of agency IT portfolios, we have not only strengthened Federal IT, but made it significantly more cost effective. PortfolioStat has helped the Government achieve more than $2.2 billion in savings over the past three years while ensuring agencies are efficiently using taxpayer dollars to deliver effective and innovative

solutions to the public. PortfolioStat promotes the adoption of new technologies, such as cloud computing and agile development practices. For example, as a result of these continuing efforts, the Federal Government now spends approximately 8.5 percent of its budget on provisioned services such as cloud computing, on par with leading private sector companies.

In addition, agencies involved in PortfolioStat are becoming more effective in rapidly delivering value in IT. For example, agencies have increased their use of agile development practices and are delivering IT capabilities 21 days (11 percent) faster than they were in May 2013. Agile development is an incremental, fast-paced style of software development that better meets evolving user needs. Using agile development ultimately increases the ability to deliver a better product, faster.

In 2016, the Administration will continue to use PortfolioStat to drive efficiencies in these programs, and also will continue to revise and encourage adoption of the TechFAR and Digital Services Playbook, which were released to the public in the fall of 2014. These tools provide clear guidance to agencies on using agile development and innovative contracting practices to deliver IT services that work for 21st Century consumers. Throughout 2016, the Administration will continue to scale up best practices by institutionalizing them within the agency digital service teams.

Companies. The Government must work with private sector innovators to ensure the best use of cutting-edge technologies and practices. Yet, too often, there are barriers to entry that prevent agencies from contracting with these firms. Over the past year, initial steps have been taken to address this challenge. For example, the Administration has piloted FBOpen, a tool that helps small and innovative companies search for opportunities to work with Government, and launched an online national dialogue on procurement reform to solicit ideas for reducing barriers to access. As part of the broader strategy to transform the Federal marketplace, the Administration is piloting new initiatives in IT

acquisition. In 2016, these early pilots will be expanded to increase digital acquisition capability within agencies, train agency personnel in digital IT acquisitions, and test innovative contracting models.

Delivering World-Class Customer Service

The Administration is continuing its efforts to improve the quality, timeliness, and effectiveness of Federal services. A customer service Community of Practice has been established to develop standards, practices, and tools for agencies to improve their customer service. The Federal Customer Service Awards program has also been established to recognize individuals and teams who provide outstanding customer service directly to the American people. The awards will begin in the fall of 2015, and will support innovative practices and provide performance incentives to frontline employees.

Agencies are also increasing their focus on improving the most frequently used Government services, and the Budget supports the introduction and scale-up of these programs. The Internal Revenue Service (IRS) has launched IRS Direct Pay, which provides taxpayers a no-fee electronic payment option and allows them to establish installment agreements; built an e-Authentication tool that provides taxpayers a user-friendly, low-cost way to securely access IRS online tools and applications; and launched IRS2Go, a downloadable app that allows taxpayer self-service access to IRS information and services on any device. Since its release, it has been downloaded more than 5.4 million times. The Transportation Security Administration (TSA) is continuing to improve passenger experience at airports, including continuing to expand and improve TSA Pre-Check, an expedited passenger screening program. TSA is exploring new and innovative ways of collecting and responding to customer feedback to provide the best possible service while keeping U.S. airports safe. Going forward, the Administration will build and expand on this progress by improving the collection and use of customer feedback data across Government to make tangible improvements in customer interactions.

EFFICIENCY: INCREASING QUALITY AND VALUE IN CORE OPERATIONS

Over time, duplicative efforts have made Government less effective, wasting taxpayer dollars and making it harder for the American people to navigate their Government. To address this issue, the President has focused on improving Government efficiency. The Budget invests in expanding shared services, simplifying Federal contracting, continued benchmarking to drive data-driven Federal management, and shrinking the Federal real property footprint.

Expanding Shared Services to Increase Quality and Savings

It will come as no surprise that most Federal agencies have similar administrative functions that require the investment of increasingly scarce resources. Human resources, financial management, and payroll, for example, are common administrative functions that all agencies need, but not all agencies are equally efficient at managing. By creating Shared Service Providers (SSPs), and concentrating the delivery of administrative services within a smaller number of agencies, duplicative efforts can be reduced. Further, by giving this task to agencies with the right expertise, we can free up resources for mission critical activities, and deliver cost-effective support to agencies.

The use of shared services has grown in recent years, with smaller agencies leading the charge. In 2014, cabinet-level agencies took steps to realize the benefit of shared service agreements. For instance, in the Federal Government's largest shared service arrangement to date, the Department of Housing and Urban Development (HUD) has begun transitioning all of its core financial management functions—as well as select administrative and human-resource functions— to the Department of the Treasury, with other cabinet-level agencies expected to follow. To support greater adoption of shared services by all agencies for a broad range of functions, the Office of Management and Budget (OMB), in partnership with the Department of the Treasury's Office of Financial Innovation and Transformation, has developed a new governance model for SSPs that incorporates feedback from early adopters and builds on lessons learned from shared services in private sector companies.

The move to SSPs also supports the ability to modernize agency financial systems to allow for greater spending transparency. It will also allow more efficient implementation and adoption of the Digital Accountability and Transparency Act (DATA Act) of 2014. This Act requires the creation and adoption of standard definitions for Government spending data and the display of that data on *USASpending.gov*. The Budget includes funding that will allow agencies to make progress in implementing the DATA Act and increase Federal spending transparency.

Buying as One through Category Management. Federal contracting is often seen as a highly complex process that ultimately leads to less innovation, higher costs, and weaker performance. Today, proposals for contracts are lengthy, overly prescriptive, and laden with Government-specific requirements. There is also staggering duplication of contracts across Government and very little information sharing between agencies on pricing or other important contractual information. In order to fundamentally improve how taxpayer dollars are used in the Federal contracting space, the Administration is embarking on a comprehensive initiative to enhance collaboration and cooperation and drive greater innovation and improved performance. The category management initiative draws upon private sector best practices to create categories of commonly purchased items such as computers, software licenses, fuel for vehicle fleets, and human capital training services that are each managed with their own set of Government-wide strategies. This new approach will build on the progress made in the strategic sourcing initiative, leveraging the consolidated purchasing power of the Government to buy smarter and reduce duplication. Increased use of strategic sourcing has saved over $417 million since 2010, and reduced some areas of contract duplication by up to 40 percent. The Budget better leverages resources across categories to increase efficiencies, reduce

duplicative contracts, and increase cost savings for both Government and industry.

The category management approach is a fundamental shift from the practice of handling purchasing, analyzing pricing, and developing vendor relationships individually within thousands of procurement units across Government. Under category management, the Administration will "buy as one" by creating common categories of products and services across Government, and managing each category as a mini-business with its own set of strategies. Each category will be led by a senior team with expertise in its assigned category, operating out of agencies identified as "centers of excellence." Strategic sourcing will continue to be one effective strategy that a category manager may implement to drive down total costs and improve overall performance for that category. Bringing common spending under management of knowledgeable category leaders, including collecting prices paid and other key performance information to allow easy comparisons, will ensure that agencies get a more competitive price and quality of performance when they are buying similar commodities under similar circumstances. This will also free up agency acquisition personnel to focus on complex agency-specific procurements.

To complement these efforts, the Administration will propose legislation making it easier for vendors seeking to bid on modestly-sized procurements and bringing more new companies into the Federal marketplace. The Administration will request authority to raise the simplified acquisition threshold from $150,000 to $500,000 in order to broaden the range of purchases that can be accomplished with minimal complexity and Government-unique requirements. The Administration will also seek new pilot authority allowing agencies to set aside work for new small businesses and other firms that have limited experience selling to the Government, but can offer cutting-edge technology and more creative solutions to address the Government's needs.

Shrinking the Federal Real Property Footprint

The Federal Government is the largest property owner in the United States. For example, the domestic building inventory contains almost 300,000 buildings requiring approximately $21 billion of annual operation and maintenance expenditures, including approximately $6.8 billion of annual lease costs. As a result, there are numerous opportunities to save by using Federal space more efficiently and disposing of unneeded buildings, land, and structures. In 2012, the Administration issued a "Freeze the Footprint" policy and directed agencies to freeze the growth in their office and warehouse real estate inventory. This led to a 10.2 million square foot reduction in Federal office and warehouse holdings in 2013. In 2015, the Administration will implement a five-year national strategy to continue reducing the size of the portfolio, and agencies will be required to set annual reduction targets for office and warehouse space and annual disposal targets for all building types to further reduce costs.

The Administration is also expanding the General Services Administration (GSA) Consolidation Activities program, first proposed and enacted in 2014. The Administration proposes to use $200 million in annual rental payments collected from agencies, $130 million over the 2015 enacted level, to execute additional office space consolidations. This will allow the Government to more effectively use real property by relocating Federal agencies into more efficient, lower cost or consolidated locations that also enable improved delivery of Government services. More than a dozen consolidations were implemented in 2014, the first year of the program, and the changes begun in that year alone will ultimately yield more than $16 million in annual cost avoidance to the taxpayer each year that the Government leases or owns the properties involved. Over time, this will result in significant avoided cost for this portfolio and will reduce the Federal real property footprint by approximately 500,000 square feet.

In addition to these administrative actions, the Budget includes a $57 million proposal to implement the Civilian Property Realignment Act (CPRA). If enacted, CPRA would create an inde-

pendent board of private and public sector real estate experts that would perform Government-wide, independent portfolio analysis and make recommendations to the Congress on properties that should be disposed, consolidated, co-located, or reconfigured. Enactment of CPRA would help consolidate Government operations, streamline the disposal process, generate an estimated $1.2 billion in sales proceeds over 10 years, further reduce operations and maintenance costs associated with excess buildings, and provide funds for real property reinvestment.

The Benchmarking Initiative

The Benchmarking initiative is aimed at improving the performance of Federal mission-support functions, and identifying areas that may be ripe for innovative thinking or new efficiencies.

The Administration began the initiative in 2014 by measuring an initial set of five administrative functions—acquisition, financial management, human capital, IT management, and real property—at major bureaus/components within the 24 Chief Financial Officers Act Federal agencies. Agencies were able to see for the first time both how their internal bureaus compared against each other, and how they performed compared to peer agencies and the Government-wide average. Results of this effort are already being realized. For example, some agencies have experienced as much as a 10-percent increase in their reporting of contractor past performance, a vital way in which the Federal Government tracks the performance of its contractors. In 2015 and 2016, the Benchmarking program will be expanded to include customer satisfaction metrics and to make the results part of agency performance reviews and strategic planning exercises.

ECONOMIC GROWTH: INVESTING IN GOVERNMENT ASSETS TO FUEL INNOVATION, JOB CREATION, AND ECONOMIC PROSPERITY

The Budget continues to invest in efforts to open up Government-generated assets, including data and the results of federally funded research and development— such as intellectual property and scientific knowledge—to the public. Through these efforts, the Government can empower citizens and businesses to increase the return on investment with innovation, job creation and economic prosperity gained through their use of open Government data and research results. The use of this data and scientific knowledge has impacted the private sector, including fueling innovative start-up companies and creating American jobs, increasing the transparency of retirement plans, helping consumers uncover fraudulent charges on their credit card bills, assisting potential homebuyers in making informed housing decisions, and creating new life-changing technologies, such as leading-edge vaccines.

Opening Data to Spark Innovation

The Administration places a high priority on opening Government data as fuel for private sector innovation and public use. Since 2009, the Administration has released over 75,000 data sets to the public, while continuing to protect individual privacy, with over 67,000 of these data sets released in the last year alone. These data sets include everything from credit card complaints, to weather and climate measurements, to what different hospitals charge for different procedures. In demonstrating its commitment to open data, the Administration has developed performance metrics to measure agency progress in reaching open data goals, provided tools to make it easier for Federal agencies to publish data, and released guidance to agencies on how to engage with the community to identify priority data sets for release. The Administration continues to invest in and support efforts to unlock Federal data sets with a high potential for economic impact, including in the areas of health care, energy, education, employment, public safety, tourism,

and agriculture. In addition, the Administration is committed to fueling the open data ecosystem by taking steps to connect agencies, entrepreneurs, and other innovators. The Budget provides $16 million for E-Government initiatives in GSA's Federal Citizen Services Fund, supporting important IT investments including open data and digital Government initiatives. While emphasizing the opening of Federal data, safeguarding the privacy, confidentiality, and security of sensitive information is of the utmost importance, and agencies are required to do thorough reviews of their data prior to publication to ensure no sensitive information is released.

Accelerating and Institutionalizing Lab-to-Market Practices

As discussed in the chapter on Investing in America's Future, the Budget invests $146 billion in research and development (R&D) across Government. The Federal Government's investment in R&D yields extraordinary long-term economic impact through the creation of new knowledge, new jobs, and ultimately new industries. The Federal R&D enterprise must continue to support fundamental research that is motivated primarily by an interest in expanding the frontiers of human knowledge and diffusing this knowledge through open data and publications. At the same time, economic growth can be accelerated through more effective transition of R&D results from the laboratory to the marketplace, based on close collaboration with industry.

The Budget reflects the Administration's commitment to accelerating the transfer of the results of federally funded research to the commercial marketplace by proposing increased funding for technology transfer from Federal labs in the National Institute of Standards and Technology (NIST) and for the National Science Foundation's (NSF) public-private Innovation Corps (I-Corps) program. In response to the President's 2011 Memorandum on Accelerating Technology Transfer and Commercialization, the Budget proposes an additional $4 million for NIST efforts to accelerate and expand technology transfer across the Federal Government, which will enhance the competitiveness of U.S. industry by sharing innovations and knowledge from Federal laboratories. The Budget also proposes $30 million for the public-private I-Corps program at NSF aimed at bringing together the technological, entrepreneurial, and business know-how necessary to bring discoveries ripe for innovation out of the university lab.

Another example of federally funded R&D powering marketplace innovation can be seen in the Department of Energy's (DOE) Office of Energy Efficiency and Renewable Energy (EERE) Lab-Corps program. This program empowers National Laboratory teams to identify market applications and private sector partners to commercialize high-impact new EERE technologies. The initial Lab-Corps pilot will be completed by the end of 2015, and in 2016, depending on the results of the pilot, DOE will expand the Lab-Corps program to other laboratory partners.

PEOPLE AND CULTURE: UNLOCKING THE FULL POTENTIAL OF TODAY'S FEDERAL WORKFORCE AND BUILDING THE WORKFORCE NEEDED FOR TOMORROW

In his December 2014 address to Federal Senior Executives, President Obama said, "[W]e need the best and brightest of the coming generations to serve. [T]hose of us who believe government can and must be a force for good…we've got to work hard to make sure that government works." Through the Management Agenda's focus on People and Culture, the Administration is committed to undertaking executive actions that will attract and retain the best talent to the Federal workforce and foster a culture of excellence. The Budget supports efforts to reform the Senior Executive Service (SES) and improve employee engagement in order to fully capitalize on the talents in today's Federal workforce at all levels, and recruit and develop the talent needed to continue moving the Federal Government forward in the 21st Century.

Leading America's Workforce

More than half of the Government's SES leaders are currently eligible to retire, and that number will rise to 64 percent by 2016. The impending SES "retirement wave" provides a unique opportunity to train the next generation of leaders. Agencies are piloting a number of reforms to transform the SES in preparation for 21st Century service. For example, the current hiring process for SES can now take almost a year to complete, so one pilot currently underway looks at accelerating hiring speeds. Another pilot focuses on new performance management measures and onboarding procedures to better prepare SES for their new positions and support top performers. In addition, agencies are improving their recruitment techniques to ensure the SES cadre better reflects the diversity of the workforce they lead and the American people they serve. To achieve these goals, the Budget proposes new funding for the Office of Personnel Management (OPM) to strengthen SES hiring and accountability.

The Administration has launched two new efforts that will start in 2015 and continue into 2016 to support SES reform:

White House Advisory Group. In order for SES reform to be successful, it cannot happen in a vacuum. Regular, high-quality feedback is needed from senior executives, the people who are both charged with implementing the reforms and best positioned to evaluate their impact on the ground. The White House Advisory Group on SES Reform was established to provide that direct feedback and advice on the core components of the Administration's efforts to improve the SES corps. The Advisory Group members were selected by their agency leadership as examples of highly effective SES, Senior Level, and Senior Technical professionals, as well as some aspiring SES, and will provide a broad set of advice on the current and future state of the senior career leadership. They will be charged with helping improve the way the Government recruits, hires, develops, and retains senior career leaders. They will also advise on effective performance management and accountability mechanisms for the SES. The breadth of experience of this group, as well as its close connections to SES in the field, will ensure we are getting the best ideas directly from the front lines.

White House Leadership Development Program. As part of the President's continued commitment to training and developing the Government's high performers and strengthening the next generation of SES, the Administration is launching the White House Leadership Development Program. Through this program, top civil servants and SES candidates will participate in rotational assignments to drive progress on Cross-Agency Priority (CAP) Goals and lead change across Departments and programs. Participants in the program will gain valuable experience by playing a key role in addressing critical management challenges facing the Federal Government and will gain valuable experience to bring back to their agencies.

Employee Engagement

In both the private and public sector, an employee's investment in the mission of their organization is closely related to the organization's overall performance. Engaged employees display greater dedication, persistence, and effort in their work, and better serve their customers—whether they are consumers or taxpayers. This makes employee engagement a critical performance measurement for Federal agencies. Overall, employee engagement levels in Government are at 63 percent, below the private sector average. Further, wide variation exists across and within agencies, including among organizations that perform similar functions. The Administration is committed to strengthening employee engagement, and aims to increase engagement levels to 67 percent by 2016. However, there is no single solution that will guarantee positive results. Rather, it takes actions at all levels of an organization to achieve these targets. Recent Budgets have invested in OPM to enhance its ability to measure employee engagement, most notably by making the Federal Employee Viewpoint Survey (EVS) an annual survey. From the EVS, OPM derives the Employee Engagement Index, which measures employees' attitudes toward office leadership,

their supervisors, and their workplace experience. This allows agency and administration leadership to closely follow changes in employee engagement Government-wide and within particular organizations. In 2014, OPM released *UnlockTalent. gov*, a dashboard providing managers with deep insight into the data from the EVS results of 21,000 organizations. These data help managers see in minute detail their employees' attitudes toward issues such as leadership, training, and promotion, allowing agency leaders to tailor strategic plans that specifically address employee needs. The Budget funds tools to enhance the value of the EVS through *UnlockTalent.gov* and other mechanisms that communicate this critical information about the Federal workforce to a wider audience.

In December 2014, the Directors of OMB, OPM, and the White House Presidential Personnel Office jointly issued a memorandum laying out the annual cycle for strengthening employee engagement and linking employee engagement to mission outcome. Moving forward, agency Chief Human Capital Officers and other senior officials will facilitate and ensure distribution of EVS results to all executives, supervisors/managers, and employees at the component and office level, within three months of the survey completion date. The Administration has also clarified the roles and responsibilities of agency heads, Deputy Secretaries, component heads, Chief Human Capital Officers, Performance Improvement Officers, SES, and others in advancing employee engagement. For example, component heads will review progress on workforce improvement efforts at least quarterly, and SES will begin to have some aspects of employee feedback incorporated into their performance plans.

Encouraging an Agile Workforce

Part of successfully engaging with employees is ensuring an agile Federal workforce that can put its large store of talent to the best possible use, whether that is within their own office or agency, or to address critical problems at other agencies. To support this and encourage an engaged and flexible workforce, the Administration is building innovative tools to share talent across agencies. For example, the GovConnect workforce agility program allows managers to find employees outside their agencies that have the necessary skills to manage special projects. With GovConnect, managers can assemble virtual teams to work on new projects, or manage in the face of crisis. This project is being piloted throughout 2014 and 2015, and agencies will begin adapting successful pilot models for their own mission needs in 2016.

IMPROVING RESULTS: SETTING GOALS AND TRACKING PERFORMANCE

Improving Performance and Accountability

The Administration is executing the Management Agenda through CAP goals, which are focused on improving coordination across multiple agencies to address key performance improvement priorities. The CAP goals are part of the performance improvement framework developed with the Congress through the Government Performance and Results Act (GPRA) and the GPRA Modernization Act. Performance for each CAP goal is regularly tracked throughout the year and goal teams are held accountable for results, publishing quarterly updates on *Performance.gov*. While impressive progress has been seen on CAP goal priorities, overall performance delivery across agency boundaries remains a challenge, and in many cases significant management improvements require investments that cut across agencies and budget accounts. The Budget proposes authority for the OMB Director, with prior notification to the Congress, to transfer up to $15 million to support these crosscutting management initiatives. This proposal institutionalizes a capability to fund cross-agency efforts, rather than handling the challenges on a case-by-case basis. More details about the Federal Government's specific performance framework can be found on *Performance. gov* and in the *Analytical Perspectives* volume of

the Budget. The Government can and should be more effective and efficient, and this proposal will provide a powerful tool to turn management reform ideas into real and lasting results for the American people.

Using Evidence and Evaluation to Drive Innovation and Outcomes

There is growing momentum for evidence-based approaches at all levels of government. The Administration's embrace of evidence-based approaches has resulted in important gains in areas ranging from reducing veterans' homelessness, to improving educational outcomes, to improving the effectiveness of international development programs. The Budget proposes to take additional evidence-based approaches to scale: for example, providing unemployed workers with reemployment services that have been shown to speed job placement; serving substantially more public housing residents through HUD's Jobs-Plus program, which has been shown to boost earnings; and making major investments in high quality early education and quality child care, which have been shown to significantly improve children's outcomes. In addition, Members of Congress from both parties, visionary governors and State legislatures, action-oriented mayors, and the non-profit and research communities are promoting greater use of data and research in policymaking and program management.

To enable future administrations and the Congress—as well as State and local leaders—to drive even more resources to policies backed by strong evidence, the Budget proposes a series of legislative changes and investments to accelerate learning about what programs work and why.

Improving Access to Administrative Data. One major focus of the Budget is increasing availability of data that the Government already collects through administering programs—also known as "administrative data"—to answer important questions about the effectiveness of Federal programs and policies. Through the Administration's Open Data Initiative and recent efforts to increase the use of administrative data

for statistical purposes, Federal agencies have made notable progress. However, significant challenges remain, including the need to update both the legal framework around data access and many agencies' data infrastructure.

The Budget addresses these challenges through a series of initiatives. First, it proposes immediate action to improve access to Federal data sets, most notably national Unemployment Insurance (UI) earnings data, while adhering to a robust framework of privacy, confidentiality, and security protections. Among other benefits, expanding access to UI data will make it possible to create consistent employment outcome "scorecards" for federally-subsidized job training providers, a goal of both the Administration's job training review and the bipartisan Workforce Innovation and Opportunity Act. Earnings data can also be used to rigorously evaluate the effects of other program changes and interventions on employment, wages, and upward mobility. Another Budget proposal would expand statistical agency access to business tax data, improving the quality and consistency of economic statistics from the U.S. Census Bureau (Census), the Bureau of Economic Analysis, and the Bureau of Labor Statistics. Second, the Budget makes data infrastructure investments at Census, the Department of Education, and elsewhere. These investments will allow the Federal Government to measure outcomes and test new approaches more easily and cheaply across a range of Federal programs. For example, the Census investments would help Census work with States to obtain access to data from State-administered programs, such as the Supplemental Nutrition Assistance Program (SNAP) or the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC), allowing new analysis of how these programs are used and their effects; Census would also improve its infrastructure for linking data sets together. Finally, the Budget embraces a proposal by Representative Paul Ryan and Senator Patty Murray to establish a Commission on Evidence-Based Policymaking, which will advise the Congress on additional ways to improve access to data, while protecting privacy.

Coupling Flexibility with Accountability to Learn What Works. The Budget expands the use of innovative, outcome-focused grant designs that focus Federal dollars on effective practices while also encouraging innovation in service delivery. As discussed in the Investing in America's Future chapter, a new initiative, the Upward Mobility Project, will allow up to 10 communities, States, or consortia of States and communities to combine funds from up to four block grant programs currently designed to promote opportunity and economic development. Upward Mobility Projects would test and validate promising and evidence-based approaches to help families become more self-sufficient, improve children's outcomes, and revitalize communities so they can provide more opportunities for their residents. The Budget provides $1.5 billion in additional competitive funding over five years to help support Upward Mobility Projects. This initiative builds on prior Administration evidence building and place-based efforts by coupling greater flexibility in a discrete set of grant programs with requirements to utilize evidence-based strategies or rigorously test innovative approaches to evaluate their effectiveness.

Consistent with the focus on linking flexibility and accountability, the Budget would also authorize up to 10 new Performance Partnership Pilots for Disconnected Youth. Building on provisions included in 2014 and 2015 appropriations bills, this would create a third round of pilots letting States, localities, and Tribes blend funding and receive waivers under multiple youth-serving programs in order to build evidence about more effective ways to help vulnerable youth.

Doubling Down on Evidence-Building Efforts. The Budget also doubles down on Administration evidence efforts that are starting to produce results, such as "tiered evidence" competitive grant programs. Tiered evidence programs focus resources on practices with strong evidence, promote innovation by providing smaller grants to test new, promising ideas, and build evidence on both existing and new practices. The Budget provides significant funding for tiered evidence programs and other efforts that seek to expand our evidence base in important areas. Examples of these efforts include:

- *Innovating to Improve Education Outcomes.* The Budget invests $300 million for the Investing in Innovation Fund (i3), more than double the 2015 investment, to provide better information to States and school districts on what works in key K-12 education areas such as implementing college- and career-ready standards, improving low-performing schools, and improving the performance of students in science, technology, engineering, and mathematics (STEM). The Budget also triples funding to $200 million for First in the World, which focuses on building the evidence base in higher education, with particular emphasis on college completion.

- *Energy Assistance Innovation Fund.* The Budget requests $200 million for a Low Income Home Energy Assistance Program Innovation Fund to support State and utility partnerships that test innovative strategies for serving low-income beneficiaries. The competitive funds may include strategies related to reducing energy burden, supporting more efficient and clean energy sources, and improving households' ability to pay utility costs.

- *Using Data and Evidence to Reduce Global Poverty.* The Budget provides $1.25 billion over two years for the Millennium Challenge Corporation, which uses competition, evidence-based interventions, and evaluation to target international aid funding to where it can have the largest impact.

- *Building Evidence to Inform Conservation Programs.* The Budget includes $10 million over two years to build evidence on the incremental effect incentive payments and outreach efforts have on farmers' willingness to adopt conservation practices and to leverage data and evidence to improve the efficiency of private lands conservation programs.

- *Supporting Federal Employees with Innovative Ideas.* At the Department of Health and Human Services (HHS), the "Idea Lab" provides the support, resources

and recognition for agency employees with promising new ideas for improving agency functions to pilot and develop their proposals. Funding in the Budget would enable the Departments of Commerce, Education, the Treasury, GSA, and the Small Business Administration (SBA) to create their own versions of an Idea Lab to drive the development of a culture of innovation that yields results.

The Budget also continues support for State and local Pay for Success initiatives, where philanthropic and private investors provide up-front financing for effective preventive services, and Government pays only if and when results are achieved. The Budget reproposes a $300 million Pay for Success Incentive Fund at the Department of the Treasury, similar to bipartisan legislation introduced in the House and Senate last year. It will encourage innovation and accelerate the use of evidence-based approaches by lowering and sharing the risk associated with initial private investments and by enabling State and local governments to attract additional investment in services that result in Federal, State, and local government savings. The Budget also proposes to allocate up to $64 million of appropriations for the Departments of Education and Justice and the Corporation for National and Community Service to support their Pay for Success projects.

Increasing Federal Evaluation Capacity. The Budget proposes significant increases in evaluation capacity to support key priorities. The Budget's major investments in preschool and child care are accompanied by more than $60 million for early childhood research and evaluation at HHS, the creation of a new National Education Research and Development Center for early education, and the launch of a new round of the Early Childhood Longitudinal Study focused on birth to kindergarten entry, both at the Department of Education. These investments will yield crucial information on children's early life experiences and help determine which models and practices are most effective at improving child outcomes. In addition, the Administration's Native youth initiative, "Generation Indigenous," environmental conservation initiatives, child support reforms, and health proposals are paired with investments in high-quality evaluation. The Budget also reproposes $400 million for the Social Security Administration, in partnership with other Federal agencies, to test innovative strategies to help people with disabilities remain in the workforce. Building on an initial $35 million provided for this purpose in 2015, this proposal will help build the evidence base for future program improvements.

The Budget also supports the expansion of the White House Social and Behavioral Sciences Team (SBST), which is coordinated by the Office of Science and Technology Policy and based at GSA. SBST is already helping over a dozen Federal agencies test the impact of behaviorally-informed interventions on program impact and efficiency using rapid, rigorous, and low-cost randomized control trials. For example, SBST helped the Department of Education to test alternative approaches to informing student loan borrowers about their repayment options. This expansion will allow the team to recruit additional experts and expand services to more agencies. Also, to improve the quality of Federal evaluations and reduce waste from inefficient procurement processes, the Budget provides expanded legislative flexibilities for certain agencies to spend funds over longer periods of time for evaluations and surveys. These flexibilities will allow agencies to better target funds to reflect changing circumstances on the ground.

**REORGANIZING GOVERNMENT: REFORMING THE GOVERNMENT TO WIN
IN THE GLOBAL ECONOMY**

The President is renewing his request for the Congress to revive the reorganization authority given to nearly every President from Herbert Hoover to Ronald Reagan. This authority would allow the Administration to submit plans to consolidate and reorganize Executive Branch Departments and agencies for fast track consideration by the Congress, but only so long as the result would be to reduce the size of Government or cut costs, a new requirement for this type of authority.

The following represents an ambitious set of cross-Government consolidations intended to serve as a blueprint for reorganizing and reforming the Government. The Administration will continue to work with the Congress and stakeholders to identify opportunities to make the Government more efficient and effective.

Economic Competitiveness

As the President first indicated in 2012, if he is given Presidential reorganization authority, he would propose to consolidate a number of agencies and programs into a new department focused on fostering economic growth and driving job creation. This proposal would consolidate six primary business and trade agencies, as well as other related programs, integrating the Government's core trade and competitiveness functions into one new department. Specifically, the department would include the Department of Commerce's core business and trade functions, SBA, the Office of the U.S. Trade Representative, the Export-Import Bank, the Overseas Private Investment Corporation, and the U.S. Trade and Development Agency.

By bringing together the core tools to expand trade and investment, grow small businesses, and support innovation, the new department would coordinate these resources to maximize the benefits for businesses and the economy. With more effectively aligned and deployed trade promotion resources, strengthened trade enforcement capacity, streamlined export finance programs, and enhanced focus on investment in the United States, the Government could more effectively implement a strong, pro-growth trade policy. This reorganization would also bring together the core tools to help American businesses compete in the global economy, expand exports, and create more jobs at home. Businesses will more easily and seamlessly be able to access services in support of exports, domestic competitiveness, and job creation.

Absent this authority, the Administration has already taken numerous steps to begin streamlining Federal trade, business, and export-related programs. This includes initiatives simplifying the export control system to improve the competitiveness of U.S. businesses while maintaining strong national security protections; encouraging foreign investment into the United States; providing a one-stop online platform consolidating information on business- and export-related programs, resources, and services from across the Federal Government; and improving the ability of private companies to adapt Federal research for use in the marketplace by increasing Government-private sector partnerships and simplifying licensing procedures. Agencies have also begun to reorganize business-related offices and staff to maximize the effectiveness of limited Federal resources and focus on increasing export opportunities for American businesses, particularly small businesses.

Food Safety

While the U.S. food safety system is among the safest in the world, consolidating food safety functions is an essential step to reforming the Federal food safety system overall. More than a dozen agencies are involved in overseeing the safety of the Nation's food supply, implementing at least 30 statutes governing some part of food safety. The Department of Agriculture's (USDA) Food Safety and Inspection Service (FSIS) and food safety-related components of the Food and Drug Administration (FDA) at HHS represent approximately 80 percent of the Nation's total

food safety system, and exemplify the fragmented Federal system. While FDA is responsible for most foods, FSIS is responsible for meat and poultry. While FSIS oversees processed egg products, FDA oversees shell eggs. FDA is responsible for seafood, but FSIS is responsible for catfish. FDA and FSIS can each have jurisdiction over the same category of food at different points in the food chain: a cheese pizza and its ingredients are regulated solely by FDA, but both agencies play roles in regulating the components and manufacturing of a pepperoni pizza. FSIS inspects manufacturers of packaged open-face meat or poultry sandwiches, while FDA inspects manufacturers of closed-face meat or poultry sandwiches.

Under FSIS jurisdiction, meat and poultry products must be approved prior to marketing, requiring continuous, visual inspection. In contrast, FDA conducts risk-based inspections to enforce prevention-oriented food safety standards. Fractured oversight and disparate regulatory approaches are confusing. This division of responsibilities was not deliberately designed, but rather evolved as the Congress passed laws to address specific food safety concerns. The Administration has taken the lead on food safety issues. The Administration partnered with the Congress to transform food safety oversight, and the President signed into law the Food Safety Modernization Act (FSMA), which strengthened FDA's mandate to set and enforce modern standards for preventing food safety problems, ensure the safety of imported food, and make more effective, risk-based use of resources. The FSMA provided FDA mandatory recall authority, in addition to a number of new authorities and enforcement tools, to strengthen the ability to swiftly remove contaminated food from the market.

Food safety and the prevention, mitigation, and response to foodborne illness outbreaks are public health concerns, consistent with the larger mission of HHS. The Budget proposes to consolidate the FSIS and the food safety related components of the FDA to create a single new agency within HHS. This new agency would be independent from FDA and have primary responsibility for food safety inspections, enforcement, applied research, and outbreak response and mitigation. The new agency would be charged with pursuing a modern, science-based food safety regulatory regime drawing on best practices of both agencies, with strong enforcement and recall mechanisms, expertise in risk assessment, and enforcement and research efforts across all food types based on scientifically supportable assessments of threats to public health. The agency would also serve as the central point for coordinating with State and local entities and food safety stakeholders.

A single Federal food safety agency would provide focused, centralized leadership, a primary voice on food safety standards and compliance with those standards, and clear lines of responsibility and accountability that will enhance both prevention of and responses to outbreaks of foodborne illnesses. It would rationalize the food safety regulatory regime and allow the Federal Government to better allocate resources and responsibilities.

Science, Technology, Engineering, and Mathematics

The Nation's competitiveness depends on the ability to improve and expand STEM learning in the United States. Over the past two years, the Administration has made considerable progress toward creating a more cohesive framework for delivering STEM education. Guided by the Federal STEM Education Five-Year Strategic Plan and a significant reorganization of programs, agencies are increasing coordination, strengthening partnerships, and identifying ways to leverage existing resources to improve the reach of agency assets. The number of different STEM programs has been cut from over 220 to just under 140. The Budget builds on these efforts and continues to reduce fragmentation, ensuring that investments are aligned with the Strategic Plan and support effective programs with strategic approaches to evaluation. The Budget invests $3 billion in 113 programs including $200 million for K-12 education in the Department of Education's

Math and Science Partnerships, $338 million for graduate fellowships, $62 million for graduate traineeships, and $135 million for improving undergraduate education at the NSF.

Reforming the Tennessee Valley Authority

Since its creation in the 1930s during the Great Depression, the federally-owned and operated Tennessee Valley Authority (TVA) has been producing electricity and managing natural resources for a large portion of the Southeastern United States. TVA's power service territory includes most of Tennessee and parts of Alabama, Georgia, Kentucky, Mississippi, North Carolina, and Virginia, covering 80,000 square miles and serving more than nine million people. TVA is a self-financing Government corporation, funding operations through electricity sales and bond financing. Since the Administration announced in the 2014 President's Budget its intentions to undertake a strategic review of options for addressing TVA's financial situation, the agency has taken significant steps to improve its operating and financial performance and has committed to resolve its capital financing constraints. The Administration supports TVA's ongoing initiatives and will continue to monitor TVA's performance, including the achievement of critical milestones contemplated in TVA's long-term financial plan and the pursuit of efforts to enhance governance and increase transparency of TVA's decision-making on important agency actions. While the strategic review of TVA has concluded, the Administration continues to believe that reducing or eliminating the Federal Government's role in programs such as TVA, which have achieved their original objectives, can help mitigate risk to taxpayers.

Other Actions

In addition to the high-profile reforms described above, the Budget highlights a wide variety of agency-level reforms and reorganizations designed to drive efficiency and accountability across Government. For instance, the Budget includes $200 million for GSA's Consolidation Activities program to fund small projects that save money by reducing or economizing space (as discussed earlier in this chapter), and $15 million for DOE's Federal Energy Efficiency Fund, which leverages Federal capital investments to increase renewable energy use and decrease energy consumption across the Federal Government. As in previous years, the Budget proposes the National Preparedness Grant Program, which would strengthen and consolidate the Federal Emergency Management Agency's current fragmented preparedness grants into a streamlined program that emphasizes collaboration and reduces the burden on State, local, and tribal partners. The Budget proposes reforms to the Senior Community Service Employment Program to better target the program to those most in need, promote long-term unsubsidized employment for program participants in the private sector, and drive improved performance outcomes through competition. The Department of Homeland Security again proposes to transfer the Emergency Food and Shelter Program to HUD, reducing fragmentation and synchronizing efforts to reduce homelessness. The Department of Defense continues to pursue efficiencies, including a 20-percent reduction to management and headquarters staff, divestiture of legacy platforms no longer required to execute the defense strategy, and ongoing efforts to shutter unneeded facilities, including administrative actions and requested legislative authority for another round of Base Realignment and Closure. Taken together with the larger-scale reorganization proposals, these efforts represent the President's ongoing commitment to promoting Government efficiency, preventing duplication, and making Government work better and smarter for the American people.