9. INTEGRATING SERVICES WITH INFORMATION TECHNOLOGY

This year the President is proposing to spend about $65 billion for Information Technology (IT) and associated support services to deliver results for the American people, providing timely and accurate information to the citizens and government decision makers while ensuring security and privacy.

The three major efforts underway will continue this fiscal year to ensure the Federal government's investment in Information Technology returns benefits which far outweigh the costs. These efforts are:
- Managing for Results
- Expanding the Use of Electronic Government
- Integrating the Federal Enterprise Architecture

MANAGEMENT FOR RESULTS

Departments and agencies are focused on:
- Making it easier for citizens to obtain service and interact with the Federal government;
- Improving government efficiency and effectiveness;
- Improving government's responsiveness to citizens; and
- Making better purchasing decisions.

With these goals in mind, the Federal departments and agencies are fulfilling the goals of the Clinger-Cohen Act of 1996. This Act also requires the Director of the Office of Management and Budget (OMB) to submit an annual report to the Congress on the results we are achieving from Federal IT spending. This Budget chapter and Table 9–1, "Effectiveness of Agency's IT Management and E-Gov Processes," included on the CD-ROM, fulfill the statutory reporting requirement.

The Administration continues its oversight of agencies' IT planning and portfolio activities. Our goal is to be the best manager, innovator and user of information, services and information systems in the world. There are great opportunities to apply existing and emerging business best practices to government to achieve increases in productivity and delivery of services and information. Agencies are continuing to establish program performance metrics, identify benefits achieved by their IT investments and show results in the agency's overall program performance. Work continues in the operational analysis of cost, schedule and performance.

Performance of Government.—The measure of success rests in the results we achieve and the satisfaction of our customers. The ultimate success is determined by measuring distinct, quantitative, citizen-centered, performance results which are tied to the overall agencies' mission goals and outcomes. Each IT investment must have specific performance targets tied to a specific significant beneficial impact for our citizens. The IT projects represented by these investments must be monitored by the agencies and they must continually assess whether or not the projects are accomplishing their intended outcomes on-time while staying within their approved budgets.

Departments' or agencies' IT business cases for any planned and/or operational system critical to the mission of the agency must be evaluated. Each business case must have a clearly defined vision and outcomes, including security linked to the department's or agency's mission through their enterprise architecture. The business cases are scored on specific criteria, including whether:
- the expected benefits outweigh estimated costs;
- the likelihood the agency will succeed;
- cyber-security, planned or in place, as appropriate;
- the acquisition strategy helps manage project risks; and
- project management teams and plans are qualified and complete.

The Federal departments and agencies continue to improve in their efforts to guarantee the success and results for the taxpayer. The Administration continues to monitor the performance of its IT projects. With the release of the Fiscal Year 2005 President's Budget, there were 621 major projects representing about $22 billion on the "Management Watch List," i.e., those project justifications needing improvement in performance measurement, earned value management or system security. Agencies were directed to remediate the shortfalls identified prior to expending funds before the start of the fiscal year. The agencies have worked to remediate the weaknesses or have put measures in place to monitor the progress of the project. If a project is still on the "Management Watch List," agencies must describe their plans to manage or mitigate risk before undertaking or continuing that project. For example, the Department of Defense (DOD) successfully addressed deficiencies for 106 of its 107 business cases on the "Management Watch List," and developed a remediation plan and schedule for the remaining program. This year, less than a third (342 of 1,087 projects valued at $15 billion) are on the "Management Watch List." These projects still need to address performance, security or other related issues before obligating funding in Fiscal Year 2006.

The Report on Information Technology (IT) Spending for the Federal Government (Exhibit 53) located at

www.whitehouse.gov/OMB, provides details of the Administration's proposed 2006 IT investments. Related documents on IT security and Electronic Government (E-Government) will also be available at *www.whitehouse.gov/OMB* and will be published by March 1, 2005.

Since the Administration's guidance was unchanged from Fiscal Year 2005 to Fiscal Year 2006, investments were studied for trends and duplications across government entities. At about $65 billion, the Fiscal Year 2006 Federal IT portfolio represents a 9 percent increase over Fiscal Year 2005 President's Budget (see July 2004, Update to the Report on Information Technology (IT) Spending for the Federal Government (Exhibit 53) located at *www.whitehouse.gov/OMB*.) The following represents the highlights:

	FY 2005	FY 2006	% Change
Major IT Investments	1,130	1,087	–4
Rated Unacceptable	54	16	–70
Well Planned and Managed	385	682	78
	(Value in millions)		
Major IT Investments	$32,341	$40,979	27
Rated Unacceptable	$1,109	$1,497	35
Well Planned and Managed	$8,478	$24,761	292

In addition to analyzing business cases for major acquisitions, the Administration identifies overlapping or duplicative IT investments. When there is duplication across Federal agencies, the Administration brings together the appropriate agencies and helps them to consider broad-based approaches to promote inter-agency data sharing and cooperation in building common solutions, rather than maintaining separate investments.

These inter-agency taskforces focus on the agency Lines of Business (LoB) rather than a specific technology or investment. In Fiscal Year 2004, there was significant progress made on five LoB efforts. These are:

- Case Management
- Federal Health Architecture
- Financial Management
- Human Resources Management
- Grants Management

The Case Management LoB is the business and technology foundation upon which new solutions for the Department of Justice and other agencies will be built. It will also provide a blueprint for sharing information and best practices across the Federal government. The goal of this LoB is to improve effectiveness and efficiency of law enforcement, investigation, and civil and criminal litigation case management business processes.

Federal Health Architecture (FHA) is focused on improving the efficiency, standardization, reliability, and availability of comprehensive health information solutions through a common framework. FHA is working within the Office of the National Coordinator for Health Information Technology in the Department of Health and Human Services to improve the safety and health

of citizens by providing easier access to health-related information and services.

Cross-agency teams analyzed opportunities for integration and consolidation in the areas of Financial Management, Human Resources Management, and Grants Management. They have recommended the establishment of government-wide service providers in the areas of Financial Management and Human Resources Management. The Grants Management team is developing plans for the consolidation of Grants Management activities across the government. The analysis showed savings of more than $5 billion can be expected over a 10 year timeframe through the consolidation of Financial Management and Human Resources Management systems and the standardization and optimization of associated business processes and functions.

To realize these benefits, the Administration asked agencies with the skills and capabilities to function as government-wide service providers in the areas of Human Resources Management and/or Financial Management to submit business cases for doing so as part of the Fiscal Year 2006 budget process. The business cases were evaluated using a due diligence checklist developed in conjunction with third-party industry groups. This checklist assessed potential service providers' abilities in terms of past performance, current capabilities, and ability to operate a customer-focused organization. On the basis of the review, the following agencies were designated as eligible to enter into competitions to become cross-agency service providers:

Financial Management

- Department of the Interior (National Business Center)
- General Services Administration
- Department of Transportation
- Treasury/Bureau of Public Debt

Human Resources Management

- Department of the Interior (National Business Center)
- Department of Agriculture (National Finance Center)
- Department of Treasury
- Department of Health and Human Services
- Department of Defense

Rather than expend significant effort and resources modernizing existing systems, agencies will select, through a competitive process, beginning in Fiscal Year 2005, a government-wide service provider for Human Resources Management and/or Financial Management services. Upon migration to common, government-wide solutions, agencies will shut down existing systems—which will not only save money but also make available resources for agencies to better focus on achieving their missions.

This Administration continues to leverage government buying power while reducing redundant purchases through the SmartBUY program. SmartBUY is a Federal government-wide enterprise software licensing initiative managed by the General Services Admin-

istration (GSA) to streamline the acquisition process and provide the best priced, standards-compliant IT. The SmartBUY initiative includes commercial off-the-shelf software generally acquired using license agreements with terms and prices that vary based on volume, including the following types of software licenses: Office Automation; Network Management; Antivirus; Database; Business Modeling Tools; and Open Source Software Support. Since the Administration announced the SmartBUY program in June 2003, the program has completed agreements with four software vendors and plans to negotiate agreements with the remaining top software vendors to the Federal government. Based on these agreements already in place, the Federal government expects to reduce its annual software licenses expenses by $21.5 million annually. The Administration estimates when all agencies make joint use of these best priced software licenses, the Federal government could save in excess of $100 million per year.

As part of its management responsibilities, OMB continued using one of the key authorities established in Section 5113, "Enforcement of Accountability" of the Clinger-Cohen Act. Under this authority, the Director is required to evaluate information resources management practices of the executive agencies with respect to IT investments. Accordingly, OMB has taken several steps to assist the SmartBUY program in leveraging government buying power and reducing redundant purchases. The following actions were taken:

- Issued M–03–14 "Reducing Cost & Improving Quality in Federal Purchases of Commercial Software," (06/02/03) requesting agencies to assist and support the SmartBUY initiative by providing information on existing agreements, developing migration strategies, and taking steps to integrate agency common desktop and server software licenses with the initiative.
- Required, as part of the Fiscal Year 2005 budget process, in Fiscal Year 2004, agencies to review all commercial software acquisitions for possible inclusion into the SmartBUY program.
- Issued M–04–08 "Maximizing Use of SmartBUY and Avoiding Duplication of Agency Activities with the President's 24 E-Gov Initiatives," (02/25/04) to all senior procurement officers and Chief Information Officers (CIOs) directing agencies to postpone all further purchase requirements for a category of software once GSA has notified the agencies that it expects to award a SmartBUY contract within 30 days for that category of software.
- Established a formal waiver process for agencies with compelling procurement needs, ensuring compliance with SmartBUY and promoting negotiating leverage with software vendors.
- Issued M–04–16 "Software Acquisition," (07/01/04), reminding agencies of policies and procedures covering acquisition of software to support agency operations. This directive requires that all agency IT investment decisions be made consistent with the agency's enterprise architecture and the Fed-eral Enterprise Architecture, must consider the total cost of ownership of IT investments, and coordinated, where applicable, with the SmartBUY program.

Other management guidance provided to Federal departments and agencies is included on Table 9–2, "Management Guidance," and is available at *www.whitehouse.gov/OMB/memoranda*.

Government IT Workforce.—Qualified Federal IT Project Managers with skilled interdisciplinary teams are the first line of defense against the cost overruns, schedule slippages, poor performance, and weakened security which threaten agencies' ability to deliver efficient and effective services to citizens. OMB issued M–04–19 "Information Technology (IT) Project Manager (PM) Qualification Guidance" (07/19/04) requiring agencies to submit, by July 30, 2004, a plan to implement the Chief Information Officer Council (CIOC) guidance on the qualifications of Federal IT project managers. The CIOC made great strides in the development of this guidance to further ensure the quality of our IT process. Agencies were asked to submit plans for meeting the CIOC guidance and to identify the required PM Level for each investment requested for their Fiscal Year 2006 IT budget requests. Agencies were also required to confirm whether the assigned project manager's qualifications for major IT investments had been validated against the CIOC guidance.

A review of the top tier of Agencies' IT requests indicates all agencies directly or indirectly addressed IT project management qualification standards in accordance with CIOC guidance. According to the submissions for the fourth quarter of Fiscal Year 2004 President's Management Agenda (PMA) scorecard reporting, over 75 percent of the project managers of major IT investments have been validated against CIOC guidance, and plans are in place across government to ensure remaining project managers are trained and validated by the end of the calendar year.

The Office of Personnel Management (OPM) and the CIO Council have conducted two annual government-wide IT workforce assessments in 2003 and 2004. The surveys revealed five critical jobs: IT Project Management, IT Security/Information Assurance, Customer Support, System Analysis, and Applications Software Management. Using these standardized assessments provides an efficient and effective government-wide view of competency and skill gaps assuring our critical systems are sufficiently staffed to provide for security, reliability and efficiency. Agencies have received the results of the Fall Fiscal Year 2004 survey and are participating in a specialized job activity target-setting exercise to provide a more defined skill gap analysis government-wide, and to apply to agency-specific workforce assessment and planning. A Spring assessment based on CIO's judgment revealed maintaining a cadre of qualified IT Project Managers, IT Security Specialists and IT Architects could best be managed through training programs.

The E-Government Act of 2002 requires the assessment and reporting of current training offerings and the oversight of development of curricula, training methods, and training priorities to meet projected personnel needs. In July 2004, OPM published its report on the "Establishment of a Government Information Technology Training Program." The training report establishes a common IT training framework and identifies a baseline of current government-wide IT training. The report reviewed and assessed the adequacy of existing government-wide IT training programs with the Clinger-Cohen Act core competencies as the basis for evaluation. This report also served as a baseline for OPM to track IT and Information Resources Management (IRM) training availability and adequacy across government in its ongoing responsibility to identify where gaps in IT and IRM training do not satisfy personnel needs.

OPM also recommended a government-wide IT training framework using the IT Workforce Development Roadmap as a foundation to link existing IT and IRM training programs. The framework supports the OPM requirement to assist agencies in establishing and operating IT training programs. Agency use of this framework will enable their workforce to obtain government-wide competencies and skills that improve the ability of the government to achieve agency missions and program goals. This framework fosters the development of highly skilled Federal IT workers who are better able to deliver essential services to the American people in the increasingly technical E-Government environment. However, skill gaps remain in the IT Workforce. The CIO Council will work in conjunction with OPM to develop guidelines for assisting departments and agencies in identifying the skill gaps in their workforce.

OMB asked agencies to report their use of training plans as well as their integration of IT plans in overall human capital planning. Most agencies have shown progress in identifying IT and the needs of the IT workforce as part of their overall human capital planning. Most indicate coordination and cooperation between their agencies' Chief Human Capital and Chief Information Officers and staffs to improve IT project management skills. Most agencies refer to their human capital planning efforts as a way to ensure the Federal government has sufficient highly qualified IT professionals to deliver services to citizens, businesses, and government entities, effectively and in direct alignment with the mission of the agency. A number of agencies discussed the importance of the government-wide survey data in relation to agency succession planning. Agencies also referred to OPM's report as the basis for selecting training in filling current workforce gaps, especially in the IT project management arena. The Administration's goal during Fiscal Year 2005 is to have no more than 50 percent of the agencies with IT skill gaps within their workforce.

On January 15, 2004, OPM published proposed regulations to implement an Information Technology Exchange Program. OPM has completed analysis of comments received from the public on the proposed IT Exchange Program Regulations. In accordance with Executive Order 12866 "Regulatory Planning and Review" (01/11/96), the final regulation is being provided to OMB for concurrence prior to publication in the Federal Register.

The IT Exchange Program can improve the skills of Federal IT managers by exposing them to cutting-edge management and technical trends in the private sector. The Program can improve the government's capability to apply advances in IT to enhance governmental functions and services, achieve more efficient performance, increase access to government information, and increase citizen participation in government.

Securing Government Systems.—Over the last four years the Federal government has improved the identification and resolution of long-standing, serious, and pervasive IT security problems. Agencies report both quarterly and annually on their efforts to address IT security weaknesses against key IT security performance measures.

For example, the Department of Labor and the Department of Transportation have excelled this year in protecting their information technology assets. Both agencies have increased the number of certified and accredited systems, with Labor moving from 58 percent to 96 percent accredited, and Transportation improving from 33 percent to 98 percent. Agency Inspectors General have approved the quality of these certification and accreditation processes as well as the effectiveness of agency remediation plans. By focusing on cyber-security, the Department of Labor and the Department of Transportation have taken great steps to protect the integrity of their agencies.

The overall security status and progress in percentage of systems*, from Fiscal Year 2002 to Fiscal Year 2004, is as follows:

	FY 2002	FY 2003	FY 2004
Effective Security and Privacy Controls (C&A)	47%	62%	77%
"Built in" with Security Costs	62%	77%	85%
Tested with Contingency Plans	35%	48%	57%
*Total Systems reported	7,957	7,998	8,623

The number of agencies where the Inspector General has verified the process exists to remediate IT security weaknesses (POA&M):

FY 2002	N/A (was not required in until FY 2003)
FY 2003	12
FY 2004	18

While notable progress in resolving IT security weaknesses has been made, challenges remain and new threats and vulnerabilities continue to materialize. Agencies continue to improve the security of the information and systems supporting the Federal government's missions. To address these challenges, the Administration works with agencies, Inspectors General, the Congress and the Government Accountability Office (GAO) to assure appropriate cost-effective IT security

programs, policies, and procedures are in place to protect government systems. OMB issued M–04–25 "FY 2004 Reporting Instructions for the Federal Information Security Management Act" (08/23/04) providing updated instructions for the agency reporting under the Federal Information Security Management Act of 2002 (FISMA). Agencies were directed to transmit their Fiscal Year 2004 reports on the effectiveness of their security programs to OMB by October 6, 2004.

Additional information and detail concerning the Federal government's IT security program and agency IT security performance can be found in OMB's Annual Report to Congress on IT Security. The next such report will be issued by March 1, 2005 and will be made available on OMB's website.

Additionally, the Administration intends to focus on the implementation of a security LoB to reduce costs and increase security effectiveness across government. Working with agencies, the Administration will analyze commonly used IT security processes and controls in an effort to identify the extent to which consolidation opportunities exist.

Protecting Privacy.—The Administration continues to work with departments and agencies to assure that privacy issues are addressed across boundaries providing a uniform and systematic process to protect citizen information. One method is through the Privacy Impact Assessment (PIA) process. The PIA is a description of business processes, data flows and technologies in the context of applicable privacy principles. Agencies have been conducting PIAs since the last budget cycle, submitting them to OMB as necessary and making them publicly available. The CIO Council has released a Security and Privacy Profile to be used in conjunction with the Federal Enterprise Architecture and the agency's specific enterprise architecture to ensure privacy and security are properly addressed within the planned IT investment. Because of the visibility of the PIA's and the work done, OMB did not request reporting on this activity this year.

The Administration plans for greater transparency on the part of the government agencies as it relates to information collection and will continue to use the PIA effort to provide this service.

Making Government Accessible to All.—Information technology is increasing access to Federal information and services. The Federal government continues to ensure electronic information technology is accessible to people with disabilities as required by Section 508 of the Rehabilitation Act of 1973. The creation of the Buy Accessible Wizard, a web-based application developed by GSA, helps agencies to determine relevance, applicability, and compliance to Section 508 when managing electronic and information technology products and services. The application helps Federal program managers to consistently and correctly apply the Federal Acquisition Regulation to their market research.

Agencies have also established inventories of the types of information available on their websites, as well as priorities and schedules for posting content. The inventories and schedules help ensure agency information products are adequately categorized and preserved so citizens can easily retrieve them when searching. These practices improve the quality and timeliness of the Federal government's information resources.

SUCCESSFUL USES OF ELECTRONIC GOVERNMENT

E-Government continues to seek to leverage information technologies to make government services available to the citizen while ensuring security of those systems, the privacy of the citizen information and the prudent use of taxpayer money. E-Government is about providing direct and measurable results supporting departments' and agencies' mission and goals. For departments and agencies, the benefits must far outweigh the cost of implementation. In the coming months, the Presidential E-Government initiatives graduate from development and implementation phases to mature service offerings supported by service fees. Increased agency adoption and customer utilization will become the primary measures of success. The expanded availability of government information and the utilization of an increased percentage of transactions between the Federal government and citizens will be measured, where appropriate.

Examples of how the tenets of E-Government are helping to deliver services to the citizen and make the government more effective include:

In Fiscal Year 2003, the Department of Labor (DOL) fully deployed the Safety and Health Information Management System (SHIMS) which manages employee injury reports and worker compensation claims and produces management reports and data to help guide intervention activities. Previously, claim forms were manually written and mailed which resulted in a two week response. With SHIMS, DOL electronically receives the claim within 24 hours and provides a response within two days. The cost savings are attributed to the implementation of the SHIMS in DOL. The system demonstrates a reduction in workers' compensation costs through quicker claims processing and the ability to identify persons able to return to work. As a result of this effort, DOL saved over $3.23 million from FY 2003 to FY 2004 in workers' compensation costs. Fourteen Federal agencies have agreed to implement SHIMS with six agencies working towards a January 2005 implementation target. DOL's successful project management performance in attaining Federal goals is a major factor in agencies seeking to partner for use of SHIMS.

The Department of Transportation's (DOT) Federal Motor Carrier Safety Administration implemented the Motor Carrier Management Information System providing businesses with an online, efficient method to apply for operating authority and register for a U.S.

DOT Number. The system improves the sharing of commercial motor carrier information among the levels of government. Federal, state, and local agencies all access the system for their safety, enforcement, licensing, and insurance needs. Prior to October 2003, Cargo Tank Manufacturers could not register online. Now over 4,000 Cargo Tank Manufacturers have registered online. This investment reduces costs and improves efficiencies in various ways by providing centrally-hosted information for all interstate carriers and targeting enforcement activities by utilizing motor carrier safety data.

The departments and agencies continue to focus on service improvements and best value for their customers. The government is managing itself as one entity. Through the continued work of the multi-agency E-Government initiatives, such as Recreation.gov and Disaster Management, multiple agencies work together to provide service to the citizen from a single location.

Recreation.gov makes it easier for all citizens to make reservations at any of 3,000 Federal parks and other recreation sites without regard to which Federal agency manages the facility. Disaster Management, through DisasterHelp.gov has over 34,000 users registered with disaster management services being used in 69 actual emergencies as well as 344 disaster preparedness exercises.

The Administration continues the focus of the department and agency specific services movement to citizen-centered services. We have reduced overall E-Government funding annually since Fiscal Year 2004 as the initiatives have met their milestones and have become incorporated into the daily operations of Federal departments and agencies. This reduction has come as result of moving the initiatives to fee-for-service models where appropriate, thereby eliminating the need for agency contributions. Chapter 9, Table 9–3, "Status of the Presidential E-Government Initiatives," included on the CD-ROM, provides an update for each project.

FEDERAL ENTERPRISE ARCHITECTURE

The Office of Management and Budget's (OMB) E-Government and Information Technology Office with the support of the General Services Administration and the Federal Chief Information Officers (CIO) Council, established the Federal Enterprise Architecture (FEA) Program to build a comprehensive business-driven blueprint of the entire Federal government. The development of this framework has and will continue to enable the Federal government to identify opportunities to leverage technology to:

- Reduce redundancy;
- Facilitate horizontal (cross-federal) and vertical (federal, state and local) information sharing;
- Establish a direct relationship between IT and mission/program performance to support citizen-centered, customer-focused government; and
- Maximize IT investments to better achieve mission outcomes.

The FEA framework and its five supporting reference models (Performance, Business, Service, Technical and Data) are now used by departments and agencies in developing their budgets and setting strategic goals. With the recent release of the Data Reference Model, the FEA will be the "common language" for diverse agencies to use while communicating with each other and with state and local governments seeking to collaborate on common solutions for services.

Using these reference models, the FEA identified five major collaborative initiatives with potential to transform the Federal government, improve services and deliver substantial savings. Launched in February 2004, these initiatives, known as the Lines of Business (LoB), used EA principles to identify common solutions. These initiatives are projected to save $5 billion across government over the next 10 years.

Sharing Technology and Information Across Agencies Will Drive Results.—The Administration's continued use of the Federal Enterprise Architecture data to drive lines of business analysis will continue to be a central focus in our efforts to direct information technology investments to support delivery of services to citizens and other entities. The Administration will continue to improve performance and achieve results by linking IT investments to another analytical tool used by the Administration, the Program Assessment Rating Tool (PART).

Looking Ahead.—In 2006 and beyond, the government will continue to identify IT opportunities for collaboration and consolidation. The Federal government continues to make significant progress in implementing E-Government to better serve the citizen, but much could still be done. Through the PMA, the Clinger-Cohen Act, the E-Government Act, budget guidance and other management tools, the Federal government has the ability to make it easier for the citizens and businesses to interact with their government. The FEA Framework will continue to guide the interfaces between systems and re-use of data and applications where appropriate. This service-oriented architecture approach will ensure future government IT investments will leverage existing capabilities to their maximum potential and will provide the most efficient and customer-centered services.

The Federal government is managing its IT more professionally as a resource for improving results. Seventy percent of the Federal government's IT systems are secure; 72 percent of the departments and agencies have mechanisms in place to validate performance relative to cost, schedule and performance goals for the IT investments; about half of those departments and agencies meet at least 90 percent of their cost and schedule goals. We have huge potential and opportunities for growth. This Administration will continue to work in all aspects of expanding E-Government to deliver results the American people deserve.