

A GOVERNMENT OF THE FUTURE

“In this democracy, we the people recognize that this government belongs to us, and it’s up to each of us and every one of us to make it work better... We all have a stake in government success—because the government is us.”

—President Barack Obama

The President is committed to driving lasting change in how Government works—change that makes a significant, tangible, and positive difference in the economy and the lives of the American people. Over the past seven years, this Administration has launched successful efforts to modernize and improve citizen-facing services, eliminate wasteful spending, reduce the Federal real property footprint, and spur innovation in the private sector by opening to the public tens of thousands of Federal data sets and innovation assets at the national labs. Yet, despite this progress, there is more work to be done. The President’s Management Agenda is addressing this by improving the way Government works and delivers for citizens.

The President’s Management Agenda has four pillars: 1) Effectiveness—delivering a Government that works for citizens and businesses; 2) Efficiency—increasing quality and value in core operations; 3) Economic Growth—

opening Government-funded data and research to the public to spur innovation, entrepreneurship, and job opportunities; and 4) People and Culture—unlocking the full potential of today’s Federal workforce and building the workforce we need for tomorrow. The Administration is executing the President’s Management Agenda through Cross-Agency Priority (CAP) Goals, which were introduced by this Administration to improve coordination across multiple agencies to help drive performance on key priorities and issues. Performance for each CAP goal is regularly tracked throughout the year and goal teams are held accountable for results, which are updated quarterly on *Performance.gov*. In addition to the Management Agenda, the Budget also supports the President’s commitment to using evidence to drive policy decisions and his 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: A GOVERNMENT THAT WORKS FOR CITIZENS AND BUSINESSES

A more effective Government will not only better deliver services for citizens, but will also use taxpayer dollars more efficiently. Ultimately, the Federal Government must be able to deliver

the user experience and engagement that the American people and businesses expect and deserve. The Budget provides resources to continue the progress toward implementing the

President's Management Agenda, focusing on four key areas: delivering smarter information technology (IT); strengthening Federal cybersecurity; delivering world-class customer service; and reshaping engagement with communities and citizens.

Delivering Smarter IT

The Administration has embarked on a comprehensive effort to fundamentally improve the way that the Government delivers technology services to the public, called the Smarter IT Delivery Agenda. The Agenda is focused on recruiting top technologists and entrepreneurs to work within agencies on the highest priority projects, leveraging the best processes to increase oversight and accountability for IT spending, and ramping up Government contracting with innovative companies. To date, these and other efforts have saved over \$3.5 billion.

Recruiting the Best Talent. A key component of the Smarter IT delivery strategy is recruiting the best talent to work as part of, and with, the Federal Government. In 2014, the Administration piloted the U.S. Digital Service (USDS)—a group of select private-sector innovators, entrepreneurs, and engineers recruited to Government service to improve and simplify the digital experience between individuals, businesses, and the Government. Digital Service experts have worked in collaboration with Federal agencies to implement streamlined and effective digital technology practices on the Nation's highest priority programs. The team has also worked to disseminate best practices such as the U.S. Web Design Standards, an open source visual style guide to create consistent and superb user experiences across U.S. Federal Government websites.

USDS teams have also reimaged how Government services should be provided to the public. The USDS supported the United States Citizenship and Immigration Services (USCIS) transition to electronic filing and processing of Form I-90 to renew, or replace, a green card and the Immigrant Visa Fee payment. Closing down

the old Electronic Immigration System will save the agency millions of dollars per year in ongoing operations, maintenance, and licensing costs, and the newly launched myUSCIS makes it easier for users to access information about the immigration process and immigration services. USDS supported *HealthCare.gov* during the 2015 open enrollment season, and worked between open enrollment seasons to dramatically improve site performance and save millions of dollars per year in operating expenses. In addition, USDS launched the new College Scorecard with the Department of Education to give students, parents, and their advisors the clearest, most accessible, and most reliable national data on college cost, graduation, debt, and post-college earnings. This new College Scorecard provides students and families with information on college performance that can help them identify colleges that are serving students of all backgrounds well and providing a quality and affordable education. It empowers Americans to search for colleges based on what matters most to them and allows them to compare the value offered by different colleges to help improve their decision. Within the first month, the College Scorecard had over one million users, more than 10 times the users its predecessor had in a year. Over a dozen other organizations have used the Scorecard data to launch new tools to support students in their college search and application processes.

To facilitate requests for short-term support, USDS created a new Rapid Response team in 2015. This team's work included restoring service for the Department of State's Consolidated Consular Database, after an outage led to a two-week suspension of visa issuances worldwide. In 2016, the USDS is partnering with the Internal Revenue Service (IRS) to bolster electronic authentication procedures, laying the groundwork for unified and secure taxpayer access to all IRS digital services.

To institutionalize the dramatic improvements that this approach has demonstrated, the Budget funds the development of digital services teams at 25 agencies. These small, high-impact teams will drive the quality and effectiveness

of the agencies' most important digital services. The Budget also funds the USDS headquarters to maintain and expand the team that can coordinate these efforts across the Federal Government. As an example, USDS will work closely with agencies to provide the new agency teams with hiring, training, and procurement support.

To dramatically improve customer satisfaction with Federal technology services, there is a critical need for IT specialists to serve on digital services teams. To that end, the Budget supports the Administration's aggressive goal of hiring and placing 500 top technology and design experts to serve in the Government by January 2017. In addition, USDS worked with the Office of Personnel Management (OPM) to create a term-appointment hiring authority for Digital Services Experts to more quickly get talent into Government service. Working with OPM to expand these flexible hiring options and spread proven hiring practices across the Federal Government will remain a priority in 2016 and 2017.

Finally, the Administration has been expanding opportunities for the current Federal IT workforce to rise to the challenge and sharpen their skills by increasing training opportunities for these professionals. For example, this past year the Chief Information Officer (CIO) Council, Chief Acquisition Officer Council and the Office of Management and Budget (OMB) launched the IT Solutions Challenge. Throughout the course of several months, over 40 IT and acquisition professionals worked in teams to develop innovative solutions for some of the Federal Government's most challenging IT problems. These types of training programs work in tandem with an enhanced focus on expanding the Government's digital acquisition expertise. In the past year, 30 Federal acquisition professionals piloted an innovative approach to digital IT acquisition training.

Leveraging the Best Processes. The passage of the first major IT reform legislation in almost 20 years, the Federal Information

Technology Acquisition Reform Act (FITARA) in December 2014, gave the Administration's ongoing work under Smarter IT Delivery an added boost. To aid in Government-wide implementation, OMB released guidance to agencies on FITARA implementation—Management and Oversight of Information Technology Resources. This guidance empowers Federal executives to help ensure that IT resources and tools are used effectively and strategically to help programs better meet their missions. It also places an emphasis on the IT workforce by focusing on the relationship between bureau and departmental CIOs, requiring agencies to have a robust IT workforce planning process, and positioning CIOs so that they can reasonably be held accountable for how effectively their agencies use modern digital approaches.

The Administration has also encouraged data-driven processes to provide effective oversight of Government IT. For example, the Administration's PortfolioStat process—a data-based review of agency IT assets—has not only strengthened Federal IT, but made it significantly more cost effective. PortfolioStat and other IT reform efforts have helped the Government achieve more than \$3.5 billion in savings over the past four 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. As a result of these continuing efforts, the Federal Government now spends approximately 8.2 percent of its IT budget on provisioned services, such as cloud computing. In addition, agile development—an incremental, fast-paced style of software development that reduces the risk of failure—is now used for half of new software projects compared to just 35 percent in 2012 and IT hardware spending has declined 25 percent from 2010 levels. In 2017, the use of PortfolioStat to increase efficiency in the Federal IT portfolio will continue.

Contracting with Innovative Companies. The Federal Government must work with private-sector innovators to ensure the best

use of proven and emerging technologies and practices, which requires rethinking procurement rules, processes, and practices to reduce barriers to entry. The President has taken bold steps to create an environment that opens more Federal contracting opportunities to new companies—especially to help solve IT challenges—and these efforts are paying off with almost 200 new small businesses winning Federal contracts for IT software development investments in 2015. In 2017, these efforts to increase digital acquisition capability within agencies, train agency personnel in digital IT acquisitions, and test innovative contracting models will expand.

Strengthening Federal Cybersecurity

Strengthening the cybersecurity of Federal networks, systems, and data is one of the most important challenges the Nation faces. As cyber risks have grown in severity over recent years, the Administration has executed a comprehensive strategy to address cybersecurity across the Nation, as outlined in the National Security Chapter. Building upon the Administration's broader efforts for 21st Century Cybersecurity, in 2015 OMB, in coordination with the National Security Council (NSC), the Department of Homeland Security (DHS), the Department of Commerce, as well as other departments and agencies, executed a series of actions to bolster Federal cybersecurity and secure Federal information systems through the Cybersecurity Strategy and Implementation Plan (CSIP).

In 2015, these actions and others led to areas of significant progress across the Federal Government. Federal civilian agencies took action to patch critical vulnerabilities, identify high-value assets, tightly limit the number of privileged users with access to authorized systems, and dramatically accelerate the use of Personal Identity Verification cards or alternative forms of strong authentication for accessing networks and systems. Since the Cybersecurity Sprint, an intensive effort conducted in July 2015 to assess and improve the health of all Federal assets and networks, both civilian and military, Federal civilian agencies have nearly doubled

their use of strong authentication for all users from 42 percent to 81 percent.

Still, as outlined in the CSIP, challenges remain. The Federal Government has identified three primary challenges:

- *Outdated Technology.* The Federal Government relies significantly on hard-to-defend legacy hardware, software, applications, and infrastructure, which make it particularly vulnerable to malicious cyber activity, as well as costly to defend and protect.
- *Fragmented Governance.* Governance and management structures are unable to consistently provide effective, well-coordinated cybersecurity across the Federal Government.
- *Workforce Gaps.* Workforce shortages and skill gaps, including training, education, and recruitment and retention of cybersecurity and privacy professionals, are significant.

To address these challenges and continue moving the needle on cybersecurity for the Federal Government, the Budget invests over \$19 billion, or a roughly 35 percent increase from 2016, in overall Federal resources for cybersecurity.

Enhancing Federal IT to Secure Federal Information and Assets. The technology, architectures, and processes underpinning Federal Government operations need to be modernized to improve cybersecurity. Of the \$52 billion in Federal civilian IT spending planned for 2017, approximately 71 percent (\$37 billion) is dedicated to maintaining legacy IT investments. Improving Federal cybersecurity will require an accelerated push to strengthen the Government's most high-value IT and information assets and to retire, replace, or upgrade hard-to-defend legacy IT. This will require not just modernizing hardware and software, but also improving how we manage the lifecycle of IT investments so that security gains can be sustained over time. This approach will improve the Government's risk management capability, improve the cyber-defense landscape, and enhance the ability

to respond to changing threats. Therefore, the Administration is proposing a revolving fund at the General Services Administration (GSA), seeded with an initial capital injection of \$3.1 billion, to transition to new, more secure, efficient, modern IT systems, while also establishing long-term mechanisms for Federal agencies to regularly refresh their networks and systems based on up-to-date technologies and best practices.

A project review board, comprised of experts in IT acquisition, cybersecurity, and agile development, will review agency business cases and select projects for funding to ensure prioritization of projects with the greatest risk profile, Government-wide impact, and probability of success. The board would identify opportunities to replace multiple legacy systems with a smaller number of common platforms—something that is difficult for agencies to do when acting on their own with limited insight into other agencies' operations. As a result, the central fund would achieve a far greater and more rapid impact than if the funds were allocated directly to agencies. In addition, a team of systems architects and developers would provide additional oversight and development capabilities to make these major changes. The revolving fund would be self-sustaining by requiring agencies to repay the initial investments through efficiencies gained from modernization, ensuring the fund can continue to support projects well beyond the initial infusion of capital. Seed funding of \$3.1 billion would address an estimated \$12 billion worth of modernization projects over 10 years.

Finally, the Budget includes \$275 million in funding to accelerate implementation of the DHS continuous diagnostics and monitoring program.

Streamlining Governance and Ensuring Effective Oversight. Over the long term, the Federal Government will need to move away from a model of IT and cybersecurity governance where individual departments and agencies build, provision, and manage nearly all aspects of their IT and cybersecurity, from infrastructure to platforms to applications. Instead, IT systems and cybersecurity capabilities will need to be

built, acquired, and managed in a more holistic way, one that treats the Federal Government as an enterprise and that relies more on shared platforms and common services. This Budget lays the foundation for shifting to this more effective approach to Federal cybersecurity by supporting investments in common IT solutions for small agencies, more secure, enterprise-wide e-mail systems, and common cybersecurity tools and services. Further, the Federal Government needs to improve not only its hardware and software, but how it acquires technology, so that it can keep up to date with industry best practices and emerging technologies in the future.

Today's sophisticated cyber incidents have also demonstrated the need for more coordinated and nimble Government efforts when they occur. In such instances, the Government may need to play an important coordinating role. Moving forward, the Budget supports the Federal Government's efforts to continue developing policy and plans that establish a foundation for a scalable, flexible, and cooperative approach to significant cyber incident coordination involving both public- and private-sector stakeholders, and anchors it within the broader National Preparedness System.

In 2016 and 2017, the Administration, including OMB and NSC staff, will also coordinate with DHS to continue working with agencies to identify and remediate weaknesses in cybersecurity programs while ensuring agency progress toward the Cybersecurity CAP Goal through CyberStat reviews. These reviews provide the opportunity for agencies to identify the cybersecurity areas where they may be facing implementation and organizational challenges.

Strengthening the Cybersecurity Workforce. There is a shortage of skilled cybersecurity experts and privacy professionals throughout the IT industry as a whole, and that shortage is more acute within the Federal Government. The Budget includes \$62 million for three initiatives to address this recruitment challenge by:

- Expanding the National Science Foundation's (NSF) CyberCorps® Scholarship for Service program to establish a sustainable cadre

of cyber reservists and enhance opportunities for career cybersecurity experts across departments and agencies that can serve the Federal Government to help rapidly respond to cybersecurity challenges across the Government;

- Developing a foundational cybersecurity curriculum for academic institutions to consult and adopt; and
- Providing grants to academic institutions to develop or expand cyber education programs as part of the National Centers of Academic Excellence in Cybersecurity Program.

In addition to funding these foundational workforce initiatives, this Budget also invests over \$37 million to expand standing teams of cybersecurity experts within DHS to provide readily-available cybersecurity capabilities to departments and agencies.

As malicious cyber activity becomes increasingly sophisticated and persistent in the digital age, so must actions to tackle them. Cyber threats cannot be eliminated entirely, but they can be managed much more effectively. Through these investments, the Administration continues to lead a broad, strategic effort to combat cyber threats, update and modernize Federal cybersecurity policies and procedures, and strengthen the Federal Government's overall cybersecurity infrastructure through modernization efforts.

To complement these steps and focus on long-term challenges in cybersecurity, the Budget also supports the creation of the first Federal Chief Information Security Officer, and the establishment of a blue ribbon commission consisting of leaders in the fields of cybersecurity, technology, privacy, national security, and Government that will identify recommendations for the President, future Administrations, and the Nation to enhance cybersecurity awareness and protections inside and outside of Government and to empower Americans to take better control of their digital security.

Delivering World-Class Customer Service

The Administration is continuing its efforts to improve the quality, timeliness, and effectiveness of Federal services through three major customer service initiatives. First, the customer service Community of Practice (COP) established in 2014 is developing standards, practices, and self-assessment tools for agencies to use on how to better serve the American people. For example, the COP has developed a draft assessment framework for programs to use to identify strengths and weaknesses in their existing customer service that will be piloted in 2016.

Second, the Federal Customer Service Awards program recognizes individuals and teams who provide outstanding customer service directly to the American people and identifies effective practices that can be replicated within and across agencies. The inaugural awards, announced in December 2014 by the President and awarded in December 2015, exemplify how the Federal Government delivers excellent service to its customers—the public. For example, the BusinessUSA Veteran Entrepreneur Initiative streamlined a complicated process to provide veterans with easier access to resources on how to start a new business. Since its launch, the Veteran Entrepreneur Initiative has served over 250,000 veterans and increased the number of first-time veteran users to the BusinessUSA website from 558 to 53,993 users. A second awardee, the Department of State consular team serving in Dhahran, Saudi Arabia, used social media, technology, and innovative strategies to deliver a range of consular services to U.S. citizens without requiring a visit to the Consulate. This saved time and money for American citizens leading to high customer service ratings for the consular team.

Through a third customer service initiative, the Administration increased opportunities for the collection and use of customer feedback data, which are critical to helping the Government better respond to the needs of the public and improve overall service delivery. In August of 2015, GSA launched the pilot of FeedbackUSA, a simple tool

that uses kiosks located in local Federal offices—such as passport offices and Social Security Administration (SSA) card centers—to allow customers to rate their experience. Customers can also provide more detailed feedback using the FeedbackUSA web portal. Federal agencies can use FeedbackUSA to solicit, aggregate, and analyze customer service transactional feedback in real time so that they can resolve issues and improve their services to the public. The pilot was launched in 27 Department of State passport processing centers and at 14 SSA card centers. The Transportation Security Administration is set to join in the spring of 2016.

FeedbackUSA has achieved high initial response rates and levels of satisfaction, and agencies are able to use the data collected to conduct meaningful analysis and take immediate action. Going forward, the Administration will continue to build and expand on this progress by improving the collection and use of customer feedback data across Government programs that provide services to the public in order to make tangible improvements in customer interactions.

The Budget supports continued investments in improving the quality of service the public receives when they interact with their Government. For example, the Budget includes an increase of more than \$100 million, or eight percent, for IRS services to taxpayers, including for critical activities to improve and modernize its public-facing IT infrastructure. Although the 2016 Consolidated Appropriations Act reversed a five-year trend of irresponsible cuts to the IRS budget—which threatened the integrity of the tax system and resulted in unacceptable levels of taxpayer services—the IRS operating budget is still almost \$1 billion below 2010 levels, even before accounting for inflation, and more resources are needed to achieve satisfactory levels of customer service. The 2017 investments in the Budget would enable the IRS to provide taxpayers with the same level of online service as they have come to expect from their financial institutions, and would return IRS telephone service levels to acceptable levels, reducing the average wait time for taxpayers who call the IRS

by half compared with 2015, and nearly doubling the share of callers that reach a live assister. The Budget also supports the SSA's field operations and provides the funding necessary to reduce the disability hearing backlog, as well as ensure timely assistance to the public who call the SSA help line. SSA is continuing to improve on-line customer service with the addition of new services to the “my Social Security” portal including click-to-chat, secure messaging, and online Social Security replacement cards. Each year, more than six million customers sign up for eServices and SSA conducts 87 million transactions online. At the same time, the Budget provides funding to ensure that SSA can provide high-quality face-to-face and phone services to individuals who need or prefer them. SSA serves over 40 million customers in person at 1,200 field offices nationwide each year. According to the Foresee e-Government 2015 Report Card, five of the top 10 ranked Federal websites were SSA online customer service products.

Reshaping the Way Government Engages with Citizens and Communities

Too often in the past, the Federal Government has taken a “one-size-fits-all” approach to working with local communities, ignoring the unique challenges and resources of each place. Such an approach fails to fully leverage local knowledge and leadership in maximizing the impact of Federal resources and Federal-local collaboration. Addressing entrenched poverty or improving resilience in the face of climate change requires cross-sector solutions that bring together different agencies and different assets from local, State, Federal, public and private stakeholders.

From day one, the President called on the Federal Government to disrupt this outdated, top-down approach, and to think creatively about how to make our efforts more user-friendly and responsive to the ideas and concerns of local citizens. This new approach is simple. First, we partner with communities by seeking out their plans or vision. Second, we take a

one-government approach that crosses agency and program silos to support communities in implementing their plans for improvement. Lastly, we focus on what works, relying on evidence and using data to measure success and monitor progress, fostering communities of practice to share and build on local innovations.

As a result, the collaborative initiatives launched in the last six years have led to progress on numerous challenges facing America's communities. From sparking economic growth, to building ladders of opportunity, to combating climate change, initiatives such as Promise Zones, Investing in Manufacturing Communities Partnership, Partnership for Sustainable Communities, and Performance Partnership Pilots for Disconnected Youth (P3) have supported holistic responses to pressing issues. Today over 1,800 communities nationwide—including cities, towns, counties, and regions—are implementing place-based initiatives that support their integrated goals by busting through Federal silos to promote outcomes that draw on resources across agencies and rely on close coordination with local businesses, philanthropy, and Government.

The place-based approach also improves support for the innovative work happening in State and local government. For example, P3 gives State, local, and tribal governments an opportunity to test innovative new strategies to improve outcomes for disconnected youth ages 14 to 24, including youth who are low-income and in foster care, homeless, young parents, those involved in the justice system, unemployed, or who have dropped out, or are at risk of dropping out of school. A first round of nine pilots was launched in fall 2015. In 2016, P3 will expand to allow communities to take existing dollars that they already receive from seven different Federal agencies, propose better ways to improve outcomes for disconnected youth, and obtain flexibility from existing rules to move forward. In exchange for this flexibility, pilot communities agree to be accountable for concrete outcomes related to education, employment, and other key areas. The Budget supports a fourth round

of Performance Partnership Pilots that allows communities to draw on existing resources from across the Departments of Education, Labor, Health and Human Services (HHS), Justice, and Housing and Urban Development (HUD), as well as the Corporation for National and Community Service and the Institute for Museum and Library Services.

Many place-based initiatives add capacity for and deepen community engagement. These initiatives draw on new tools and methods through partnerships with local civic technology groups, as well as technology and data resources provided by the Federal Government. They recognize that building local capacity is more effective when we use all the tools available to us and that open, high-value data help communities make data-driven decisions, engage residents in new ways, and build trust. For example, after the New Orleans Police Department released 911 calls for service as its first open data set, the Department stepped forward in 2015 as a founding member of the White House Police Data Initiative, committing to opening even more data on policing. Inspired by the White House TechHire initiative, a multi-sector, community-based effort to increase access to high-paying tech jobs by empowering Americans with the skills they need, New Orleans partnered with a local code academy to teach software development skills to youth from low-opportunity neighborhoods. At an event with the New Orleans Police Chief, participating youth built prototype software on open policing data. The success of this initiative has inspired other cities from Indianapolis to Orlando to follow suit with their own local institutions, advocacy groups, and tech communities.

The 2017 Budget continues to institutionalize the Administration's place-based approach to coordinating programs that help create jobs and opportunity, promote resilience and sustainability, and implement local visions in communities across the Nation. At the Federal level, the success of this approach relies on both the staff with the skills and mandate to directly partner with communities as well as programs that provide direct funding and support to communities. In

addition to investments in Federal staffing and training, the Budget supports key programs such as Choice Neighborhoods at HUD and Promise Neighborhoods at the Department of Education, providing increased funding for distressed communities to plan and implement comprehensive and community-driven approaches. As another example, the Budget helps communities adapt to the changing energy landscape and build a bet-

ter future through the POWER Plus (POWER+) Plan. The POWER+ Plan invests in workers and jobs, addresses important legacy costs in coal country, and drives development of coal Carbon Capture and Storage (CCS) technology. Together, these investments and others equip the Federal Government to partner with communities and empower them to meet local needs in an efficient, effective, and integrated manner.

EFFICIENCY: INCREASING QUALITY AND VALUE IN CORE OPERATIONS

Over the years, duplicative administrative functions and back-office services have made the Government less effective and wasted taxpayer dollars. To address this issue, the President has focused on improving Government efficiency to maximize the value of Federal spending. For example, over a two-year period the Federal Government has reduced its domestic office and warehouse inventory by 21.4 million square feet. In an effort to reduce duplication of core administrative services, such as payroll, across Government agencies, large departments are also moving toward the use of shared services. For example, HUD has transitioned many of its core financial management functions to the Department of the Treasury (Treasury). In addition, in 2015, the Administration announced the launch of Category Management Government-wide, which enables the Government to save money by making purchases for common sets of goods and services as a single buyer.

The Budget invests in concentrating the delivery of administrative functions through shared services, simplifying Federal contracting, continued benchmarking to drive data-driven Federal management, implementing new transparency efforts, and shrinking the Federal real property footprint.

Expanding Shared Services to Increase Quality and Savings

Most Federal agencies have similar administrative functions. Human resources, financial management, and payroll, for example, are com-

mon administrative functions that all agencies need, but some agencies are better equipped to effectively manage them. By creating Shared Service Providers (SSPs), and concentrating the delivery of administrative services within a smaller number of agencies, we can reduce duplicative efforts. Further, by giving this task to agencies with the right expertise, we can unlock competition between agencies, 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. For example, the Securities and Exchange Commission and the Consumer Product Safety Commission both utilize shared service providers for multiple administrative functions. In 2015, cabinet-level agencies took steps to realize the benefit of shared service agreements. As noted above, HUD successfully transitioned many of its core financial management functions, as well as select administrative and human-resource functions, to Treasury—the Federal Government’s largest financial management shared service arrangement to date. This transition will enable HUD to focus its workforce on serving the Nation’s housing and community development needs. Other cabinet-level agencies, including the Department of Labor (DOL) and DHS, will soon follow, resulting in increased economies of scale for shared service providers.

With this increasing shift toward using SSPs, the Administration is taking steps to better manage this emerging practice. In the past, shared

services were managed independently by various lines-of-business, such as financial management or human resources, resulting in inconsistent implementation across agencies. While each function operates in a unique environment with specific requirements and challenges, all lines of business would benefit from closer coordination and collaboration, supported by a more robust cross-functional governance model. To support an enterprise-wide approach to shared services, in October 2015 the Administration established a cross-function management and oversight structure comprised of an interagency Shared Services Governance Board (SSGB) and a Unified Shared Services Management (USSM) office within GSA. Led by the SSGB and USSM, stakeholders from across the Government will work together to manage and oversee mission-support shared services with an initial scope of acquisitions, financial management, human resources, travel and information technology. The Budget proposes \$5 million to staff the USSM office to oversee SSPs and facilitate agency transitions to these more cost-effective services.

Buying as One through Category Management

The Federal Government is the single largest buyer in the world with annual spending on goods and services close to \$450 billion. However, because agencies often purchase goods and services individually, the Federal Government is not able to fully leverage its size as a customer to save money. For this reason, in 2015, the Administration announced the launch of Category Management Government-wide. Category Management, an approach used extensively by the industry and other governments, enables the Federal Government to act more like the single enterprise it is. For example, just one month after OMB issued a new Category Management policy on laptops and desktops that prohibits contract duplication and drives agencies to standardize configurations, several vendors dropped their prices for these configurations by 50 percent. With the Federal Government spending \$1.1 billion each year on these products

alone, the potential savings from this policy are large. To further support Category Management and the FITARA, GSA recently negotiated better prices, terms, and conditions for common geospatial software, and awarded a Government-wide agreement for common application development services. This agreement will allow agencies to share and reuse developed applications, code, and best practices, which could save between 50 and 80 percent on application development costs.

Through reinforcement of this management best practice, the Budget better leverages buying power, which leads to increased savings, more consistent practices across agencies, reduced duplication, and improved performance for the American taxpayers. The Administration is driving the adoption of Category Management through the implementation of a Category Management CAP Goal, which focuses on five areas: hardware; software; telecommunications; IT security; and IT professional services. The Federal Government spends over \$50 billion per year on purchases in these areas alone. Implementation of this CAP Goal will save the Federal Government money, reduce duplication, increase the use of best-in-class solutions, and adopt Category Management principles. Specifically, by the end of 2019, the Administration aims to save at least \$10.5 billion on IT in the areas of hardware, software, telecommunications, and outsourcing; and half of all IT spending should be under Government-wide management where agencies utilize best-in-class Government-wide solutions and adopt Category Management principles. Furthermore, through the implementation of the Category Management policy, described above, that prohibits the award of new contracts, mandates use of standard configurations, and implements demand management strategies for laptop and desktop purchases, the Administration aims to reduce the number of new and renewed contracts and cut administrative costs by 30 percent by the end of 2019. In the \$1 billion laptop and desktop Federal market, 75 percent of spending should move through best-in-class acquisition solutions by 2019, an increase from 39 percent today.

The supporting backbone of Category Management is the Acquisition Gateway, a new online tool for the Federal acquisition workforce that contains key contract information and tools by categories of purchasing. Using this tool, over 5,000 Federal project managers, contracting specialists, and program officials are now able to search and compare existing contracts and prices paid under those contracts across hundreds of contracts and products. Sharing this information leverages Government purchasing power, reduces contract duplication, and streamlines delivery of goods and services in support of mission needs. Furthermore, businesses will spend less time responding to duplicate procurements and Federal program officials will have more time to concentrate on managing results.

Shrinking the Federal Real Property Footprint

The Federal Government is the largest property owner in the United States. 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. The Administration has made significant progress on real property. In 2012, the Administration issued a “Freeze the Footprint” policy, which directed agencies to freeze the growth in their office and warehouse real estate inventory. While it only called for zero footprint growth, Freeze the Footprint policy actually led to a 10.2 million square foot reduction by the end of 2013. Also, by the end of 2014 the cumulative reduction reached 21.4 million square feet.

In March 2015, the Administration issued the National Strategy for the Efficient Use of Real Property (National Strategy) and its companion policy—the Reduce the Footprint (RTF) policy. Building on the Freeze the Footprint policy and agencies’ successes in beginning to reduce their real property holdings, the five-year National

Strategy’s primary objective is to formally adopt Government-wide requirements to reduce the size of the Government’s domestic real property portfolio through efficiency improvement and property disposal. The RTF policy requires agencies to set annual reduction targets for office and warehouse space and annual disposal targets for all building types to improve efficiency and reduce costs. For the first time, the RTF policy requires that agencies reduce the size of their real property portfolios to improve program efficiency, and agencies have developed and finalized their first ever five-year RTF reduction plans to implement the policy. The agencies’ RTF plans target an aggregate reduction of 60 million square feet between 2016 and 2020. Agencies will update their RTF plans and annual reduction targets annually with the goal of increasing the magnitude of targeted reductions over time. The Budget supports further efficiency improvement by providing funds for real property consolidation projects.

To support more ambitious reduction targets, GSA and OMB have developed a new management tool within the Federal Real Property Profile (FRPP) database that enables agencies to fully analyze their portfolios. The new management tool uses the real property performance metrics developed through the President’s Management Agenda to measure the performance of agencies’ portfolios and thereby identify and prioritize efficiency opportunities. The management tool, combined with FRPP’s data quality improvements, will enhance agencies’ ability to implement data-driven decision making to develop their annual RTF reduction targets. Focusing policy on reducing the portfolio, improving the quality of FRPP data through mandatory data validation and verification procedures, and the broad use of the new FRPP management tool will support higher RTF square foot reduction targets and efficiency gains in future years.

The Administration has fully deployed its administrative authority to reform real property management as evidenced by the National Strategy, its real property policies, and funding requests for the Consolidation Activities

program. Achieving further progress on real property reform requires additional legislative authority, which should embody the core principles that framed the Administration's Civilian Property Realignment Act legislative proposal. These core principles include the creation of an independent Board to make real property disposition recommendations in the best interest of the Government, a Government-wide sale proceeds retention and reinvestment account, agency proceeds retention, and legislative relief from current program requirements. The Administration's proposal of another round of DOD Base Realignment and Closure (BRAC) to reduce unneeded facilities demonstrates its commitment to working with the Congress to develop authorities using these core principles that both improve the efficiency of Government-wide real property portfolio and reduce costs. (See Chapter 4 for more on the Budget's BRAC proposal.)

Benchmarking Agencies

Over the course of this Administration, we have used regular data-driven reviews—such as PortfolioStat and AqStat—to advance management priorities. Building on these efforts, in 2014 the Administration launched the Benchmarking initiative by establishing cost and quality benchmarks for core administrative operations across agencies to measure performance in key mission-support areas, including human resources, financial management, acquisition, IT, and real property. This initiative allows agencies to see how their bureaus compare against each other, how they perform peer-to-peer, and their individual agency impacts on Government-wide averages.

In 2015, OMB, in conjunction with GSA, launched the “FedStat” review with major agencies to have a holistic, data-driven discussion across all mission-support and mission-delivery areas. As part of this initiative, OMB met with agencies to identify potential areas for improvement, discuss shared challenges across the Government, and explore opportunities to pur-

sue cross-agency solutions—including policies, processes, and leading practices of excellence for broader application across program administration and management. These data-driven reviews led to a number of tangible improvements—such as how agencies may benefit from shared services or strategies for addressing common hiring and recruitment challenges—that can improve the effectiveness and efficiency of individual agencies and the Government as a whole.

Reforming Federal Background Investigations

The Federal Government is responsible for issuing, handling, and storing much of America's most important data. The Government also performs key functions with these data, such as conducting background investigations to assess whether individuals may serve as Federal employees, members of the Armed Forces, or contractors, be granted access to its facilities and information systems, and be trusted with classified and other sensitive information. As the world's technologies continue to evolve and the economy becomes ever more digitally connected, the Federal Government's tools, systems, and processes for managing such sensitive information and conducting background investigations must keep pace with these advancements. This is necessary in order to better anticipate, detect, and counter malicious activities, as well as threats posed by trusted insiders, who may seek to do harm to the Government's personnel, property, and information systems.

Last year, in light of increasing cybersecurity threats, including the compromise of information housed at OPM, the Administration initiated a 90-Day Suitability and Security review to re-examine reforms to the Federal background investigations process, assess additional enhancements to further secure information networks and systems, and determine improvements that could be made to the way the Government conducts background investigations for suitability, security, and credentialing.

This review was conducted by the interagency Performance Accountability Council (PAC), which is chaired by OMB and comprised of the Director of National Intelligence, the Director of OPM, in their respective roles as Security and Suitability Executive Agents of the PAC, and the Departments of Defense, the Treasury, Homeland Security, State, Justice, Energy, the Federal Bureau of Investigation, and others. It also included consultation with outside experts.

The review resulted in a series of actions to modernize and strengthen the way the Federal Government conducts background investigations for Federal employees, members of the Armed services, and contractors, and protects sensitive data. These changes include the establishment of the National Background Investigations Bureau (NBIB), which will absorb OPM's existing Federal Investigative Services, and be headquartered in Washington, D.C. This new Government-wide service provider for background investigations will be housed within OPM. Its mission will be to provide effective, efficient, and secure background investigations for the Federal Government. Unlike the previous structure, DOD will assume the responsibility for the design, development, security, and operation of the background investigations IT systems for the NBIB. To support this work, the Budget includes \$95 million in additional resources that will be dedicated to the development of these IT capabilities.

While these changes will take time to fully implement, the Administration has taken and will continue to take immediate action to move forward with strengthening the background investigations process. These include building on the security measures implemented in response to the calendar year 2015 OPM cyber incidents, the establishment of a NBIB transition team, and a focus on driving continuous performance improvements to address evolving threats.

These changes build upon the Administration's efforts to improve how the Federal Government performs security clearance determinations, and protect the safety of American citizens and of our Nation's most sensitive information and facilities.

Modernizing Infrastructure Permitting

Building a 21st Century infrastructure in a way that safeguards communities and the environment is a key component of the President's efforts to strengthen the economy and create new jobs. Over the last several years, the Administration has taken action to cut project review timelines for major infrastructure projects, while improving environmental and community outcomes.

In 2016, the Administration will work aggressively to implement the permitting provisions included in the recently enacted Fixing America's Surface Transportation Act, many of which align with ongoing Administration efforts. Among other things, the law establishes a new interagency governance structure to oversee the timely processing of permits and reviews; enables agencies to recover reasonable costs for such activities; and standardizes processes for resolving disputes. Implemented effectively, these reforms will facilitate more efficient, effective, and timely Federal permitting decisions.

Consistent with guidance issued from OMB and the Council for Environmental Quality in 2015, the law requires expanded use of an online dashboard to track major infrastructure projects under Federal review. Use of the Dashboard will improve agencies' communication with project sponsors, enhance interagency coordination, and increase the transparency and accountability of the permitting process.

Furthermore, the law outlines a comprehensive set of procedures that standardize Federal permitting and review processes for major infrastructure projects, such as requiring development of coordinated project plans to include a discussion of potential avoidance, minimization, and mitigation strategies. To this end, in November 2015, the President issued a memorandum to ensure that Federal mitigation policies are clear, work similarly across agencies, and are implemented consistently. By encouraging agencies to share and adopt a common set of best practices to mitigate harmful impacts to natural resources, the Federal Government can create a regulatory environment that allows us

to build the economy faster and better while protecting healthy ecosystems that benefit this and future generations.

Increasing Federal Spending Transparency

On May 9, 2014, the President signed the Digital Accountability and Transparency Act (DATA Act), setting forth a new commitment to expand Federal spending transparency. When fully implemented, taxpayers will be able to access, search, and download Federal spending data on a publicly available website. This data includes obligations, outlays, unobligated balances, and other budgetary resources for each appropriations account. Taxpayers will also have access to more information about Federal awards as they will be linked with financial data for the first time. With increased access to this data, the public will see where, how, and on what their Government spends their tax dollars.

This level of Federal spending transparency is unprecedented and requires collaboration among the Federal and public stakeholders. OMB and Treasury are the lead agencies for Government-wide implementation of the DATA Act. During the first year of implementation, OMB and Treasury met the statutory deadline for finalizing financial data standards, in addition to data definition standards specific to procurement, and financial assistance award reporting under the Federal Funding Accountability and Transparency Act. Policy guidance was also issued to direct agencies on implementing the DATA Act and, in particular, the data standards by Federal agencies. Complementing these efforts, Treasury also re-launched *USAspending.gov* on a more stable and user-friendly platform. To drive these improvements and provide greater transparency in Federal spending, OMB and Treasury have leveraged real-time tools to gather feedback from the public, such as using GitHub in the development of the recent data standards. In 2017, OMB and Treasury will continue their work with Federal agencies to implement the *USAspending.gov* data standards. Further, Treasury will complete its efforts to not

only redesign the current *USAspending.gov* to meet DATA Act publication needs, but ensure that reported financial and award data is publicly available and accurately represented on *USAspending.gov* (or its successor site) by May 2017.

The Budget invests in the ongoing work to implement the DATA Act's data standards across Federal agencies by the statutory deadline of May 2017. In particular, the Budget includes \$15 million to support Treasury's Government-wide implementation efforts, including building a DATA Act-compliant *USAspending.gov*, and \$9 million to fund the work of Federal SSPs to streamline implementation among several large and small agencies. With this funding, the Government will sustain its momentum on increasing Federal spending transparency.

Reducing the Administrative Reporting Burden for Federal Contractors and Grantees

In addition to expanding transparency, the DATA Act required a two-year pilot program on reducing the administrative reporting burden on grant recipients and contractors. OMB began the pilot in May 2015 with the release of a National Dialogue to solicit ideas from the public on their reporting burden and is collaborating with agencies and the grants and procurement communities to identify ways to reduce duplication, redundancy, and unnecessary costs in Federal reporting requirements. The dialogue is generating ideas that can be further explored for streamlined reporting and recommendations for Federal contractors and Federal grantees. OMB will complete its DATA Act pilot work in May 2017 and present its recommendations by August 2017.

While Federal awarding and reporting processes have similarities, there are unique burdens that could possibly be reduced. To accommodate those award-specific areas, two tracks are underway for Federal procurement and Federal grants. OMB has engaged HHS to be the executing agent of the grants-specific portion of the pilot. As the

largest grant-issuing agency and owner of *Grants.gov* and the Payment Management System, HHS is uniquely positioned to provide tactical leadership and execution of grants-specific pilot efforts. OMB is leading the procurement-specific areas of the pilot with collaboration from GSA and the Chief Acquisition Officers Council.

In support of these pilot activities, the Budget provides necessary funding to complete testing of potential solutions to reduce grant and procurement related reporting burden, and supports the Administration's broad goals to maximize the impact of every taxpayer dollar.

ECONOMIC GROWTH: OPENING GOVERNMENT-FUNDED DATA AND RESEARCH TO THE PUBLIC TO SPUR INNOVATION, ENTREPRENEURSHIP, AND JOB GROWTH

The Budget continues to invest in efforts to open up Government-generated assets, including data and the results of federally funded research and development (R&D)—such as intellectual property and scientific knowledge—to the public. Through these efforts, the Government empowers citizens and businesses to increase the return on our 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 continues to make progress toward its open data commitment and data governance. The data the Government collects has proven valuable well beyond the original purposes for which it was collected. For example, the U.S. Census Bureau, which collects data from citizens and businesses through surveys and other voluntary means, continues to encourage community innovators to create web tools and mobile applications by connecting local and national public data in one location and hosting challenges for their use. These challenges have led to a host of civic solutions including an application that helps people with disabilities find

facility accessibility scores, helping local leaders and entrepreneurs find free meeting spaces, and aiding food truck vendors find urban areas with the highest social media activity. By the close of calendar year 2015, *Data.gov* featured over 188,000 datasets on topics such as education, public safety, health care, energy, and agriculture. To help assist agencies in their open data efforts and to support the Federal open data ecosystem, the Administration has built additional resources such as Project Open Data, which provides agencies with tools and best practices to make their data publicly available, and the Project Open Data Dashboard, which is used to provide the public a quarterly evaluation of agency open data progress. Eight Federal agencies co-hosted open data roundtables that connected agencies with the organizations that use their data to help identify high-value datasets and establish open data priorities.

Fueling the Economy by Bridging the Barriers from Lab-to-Market

The Budget invests \$152 billion in R&D across Government in 2017, as discussed in Chapter 2. The Federal Government's investment in R&D has produced extraordinary long-term economic impact over the decades, through the creation of new knowledge, new jobs, and new industries. The Federal R&D enterprise will continue to support fundamental research that is motivated primarily by the interest in expanding the frontiers of human knowledge, and will continue to diffuse this knowledge through open data and publications. At the same time, there remains significant potential to increase the public's

return on this investment through effective partnerships with academia, industry, and regional innovation networks. For example, the National Aeronautics and Space Administration has partnered with companies to make experimentation on the International Space Station more accessible to researchers, an approach that has played a significant role in jump-starting a new industry in very small satellites. In the case of the Department of Energy, industry partnerships can help broadly develop and deploy important next generation energy technologies and high-performance computers.

The Budget reflects the Administration's commitment to accelerating the transfer of the results of federally funded research to the commercial marketplace by prioritizing funding for Lab-to-Market programs at the National Institute of Standards and Technology (\$8 million) and for NSF's public-private Innovation Corps (I-Corps) program (\$30 million). Both of these programs are developing tools and best practices that are invigorating efforts to commercialize the

results of federally funded R&D. For example, the I-Corps program at NSF has 10 agreements with other Federal agencies that are using its experiential entrepreneurial curriculum to train research scientists, graduate students, and other entrepreneurs in how to identify and mature discoveries ripe for commercialization. In addition, I-Corps has a growing number of partnerships with non-Federal entities, such as with the State of Ohio. The Budget also provides \$50 million in mandatory funding for a new competitive grant program, building on the success of prior Economic Development Administration-led activities, to incentivize partnerships between Federal labs, academia, and regional economic development organizations to enable the transfer of knowledge and technologies from labs to private industry for commercialization. In addition, the Department of Energy is making the technologies and tools developed by its national labs more available to small businesses and entrepreneurs through innovative approaches designed to unlock new business or productive opportunities.

PEOPLE AND CULTURE: UNLOCKING THE FULL POTENTIAL OF TODAY'S FEDERAL WORKFORCE AND BUILDING THE WORKFORCE WE NEED 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 to attract and retain the best talent for the Federal workforce and foster a culture of excellence. The Budget supports efforts to strengthen 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.

White House Advisory Group

The White House Advisory Group on Senior Executive Service Reform, comprised of 24 leaders from across the Federal Government, was announced in December 2014 and charged with making recommendations for improving the way the Federal Government recruits, hires, develops, retains, manages, and holds accountable, top senior career leaders. The final reforms focus on three key areas: 1) hiring the best talent; 2) strengthening SES development; and 3) improving SES accountability, recognition, and rewards. On December 15, 2015, the President signed an Executive Order titled "Strengthening the Senior Executive Service" that included reforms to improve the hiring and selection processes and increase rotations to broaden experience and succession planning. In addition, the President's Management Council formed a subcommittee to

oversee the implementation, and OPM and OMB will undertake a set of additional administrative actions.

The White House Leadership Development Fellows

Announced by the President in December 2014, the Administration launched the White House Leadership Development Program. Through this program, GS-15 (and equivalent) emerging leaders participate in rotational assignments to drive progress on CAP Goals and lead change across Departments and programs. Agencies nominated dozens of their top-performing employees, who then were assessed by panels comprised of existing executives across Government. The initial class of 17 Fellows entered the program in October 2015, and are now working on cross-agency priorities such as shared service centers, climate change, and human capital. Participants in the program will gain valuable experience by playing a key role in addressing critical management challenges facing the Federal Government and will build networks and best practices to bring back to their agencies. Many of the Fellows will be prepared to join the SES upon completing the program.

Hiring Excellence

The Hiring Excellence Initiative of the People and Culture CAP Goal is designed to enable agencies to hire the best talent from all backgrounds. In 2015, the Administration worked with agencies to understand their hiring challenges through the annual FedStat process while deploying OPM policy experts to provide sessions to identify and solve agency-based policy

barriers to successful Federal hiring. An inter-agency team consisting of OMB, the Presidential Personnel Office, and OPM also developed the Hiring Excellence Campaign, which will launch in calendar year 2016 as an educational outreach vehicle to enable agencies to attract highly qualified and diverse talent through engaged and empowered hiring managers, supported by highly skilled human resources staff. The team will also partner with the Office of the Federal CIO, DHS, and others on specific Cybersecurity Workforce initiatives as outlined in the 2015 Cybersecurity Implementation Plan.

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. Starting in 2014, the Administration embarked on a campaign to improve employee engagement. Each agency named a senior level official to be accountable for determining the best method for improving employee engagement within their specific organizational culture. A team from OMB and OPM met with all 24 Chief Human Capital Officers Act agencies and hosted four conferences at the White House. As a result of these efforts, after years of steady declines, for the first time in the history of the survey the 2015 Federal Employee Viewpoint Survey showed either improvement or holding steady on all questions.

MEASURING RESULTS: SETTING GOALS AND TRACKING PERFORMANCE

Improving Performance and Accountability

Too often, multiple agencies work in isolation from one another to tackle a challenge, rather than delivering an integrated response

that better addresses the problem. The Administration uses CAP Goals to overcome this mismatch, helping break down organizational barriers to achieve better performance and results than one agency can achieve on its own.

For example, DOD and the Department of Veterans Affairs (VA) have partnered to improve veterans mental health. Through this collaboration, last year over 11,000 individuals participated in 144 VA medical center-hosted Mental Health Summits across the Nation in order to identify unmet needs and increase awareness of community-based programs and services for organizations supporting veterans and their families. Newly available data also shows that, for those service-members completing a Post-Deployment Health Reassessment in 2013, who screened positive for posttraumatic stress disorder (PTSD), depression, or alcohol abuse and received a referral to mental health specialty, or behavioral health in primary care, 55 percent received care at VAs or DOD (2013), up from 46 percent in 2011, and nearing the target of 56 percent by 2016.

Agencies have also used the Priority Goal process to drive performance improvements. For example, HUD and VA have reduced the total number of homeless veterans; the Department of Justice has improved the protection of the most vulnerable within society, including victims and survivors of human trafficking, and the Small Business Administration has helped increase small business access to capital by adding new lenders to its flagship lending program.

While there has been impressive progress made on CAP Goal priorities, from improving citizen interactions with Federal agencies—through the launch of the Feedback USA customer experience initiative within the Customer Service CAP Goal, to the establishment of the first-ever Government-wide shared services management and oversight operation model by the Shared Services CAP Goal team—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 continues the enacted 2016 authority for the OMB Director, with prior notification to the Congress, to transfer up to \$15 million to support these crosscutting management initiatives rather than handling them 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 authority provides 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

The President has made clear that policy decisions should be driven by evidence—evidence about what works and what does not, and evidence that identifies the greatest needs and opportunities to solve great challenges. Over the past seven years there has been growing momentum for evidence-based approaches at all levels of government, as well as among non-profits, foundations, faith-based institutions, and community-based organizations. 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.

As discussed in prior chapters, the Administration's embrace of this approach has resulted in important gains in areas ranging from reducing veteran homelessness, to improving educational outcomes, to enhancing the effectiveness of international development programs. In addition to continuing and expanding these effective strategies, the Budget proposes to invest in a broad variety of additional evidence-based approaches to tackle important challenges. For example, the Budget provides substantially more very low-income families with rental subsidies to move to higher-opportunity areas, which research has demonstrated can have large positive effects on children's—especially

young children’s—educational attainment and long-term earnings; proposes evidence-based strategies to end chronic and family homelessness; establishes an Apprenticeship Training Fund that would help meet the President’s goal to double the number of apprentices across the United States to give more workers the opportunity to develop job-relevant skills while they are earning a paycheck; incentivizes States to adopt evidence-informed approaches to criminal justice reform; and encourages States to adopt evidence-based psychosocial interventions to address the behavioral and mental health needs of children in foster care and reduce reliance on psychotropic medications and improve overall health outcomes.

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.

The Budget also expands the use of innovative, outcome-focused grant designs that focus Federal dollars on effective practices while also encouraging innovation in service delivery. The proposed Emergency Assistance and Service Connection Grants (discussed in Chapter 3), the Upward Mobility project (also discussed in Chapter 3), the expansion of Performance Partnership Pilots (discussed earlier in this chapter), funding for Education Innovation and Research, a new program that replaces and builds on the successes of Investing in Innovation (discussed in Chapter 3), First in the World, and the continued proposals to invest in Pay for Success are all examples of how the Administration is proposing to partner with States, communities, and consortia across the Nation to make it easier to test and validate promising evidence-based approaches. All of these models include strong validation and evaluation requirements and hold grantees accountable for achieving outcomes, while also granting flexibility on how

to best achieve those outcomes within their community.

Improving Capacity to Build and Use Evidence

Federal agencies, States, communities, and the nonprofit community have made notable progress in developing and implementing evidence-based practices and in learning which practices are more effective. As discussed in the *Analytic Perspectives* volume chapter, Building the Capacity to Produce and Use Evidence, the Administration is making progress in developing the Federal capacity to more routinely and reliably develop high-quality evidence to inform important policies. However, significant challenges remain, and in order to continue making progress, evidence-building must be cheaper and easier to do. One way to do this is by making better use of data the Government already collects through administering programs—also known as “administrative data”—to answer important questions about the effectiveness of Federal programs and policies.

Employment and earnings data are among the most valuable Federal administrative information. Because many Federal (as well as State and local) programs are intended, in whole or in part, to increase employment and earnings, accurate employment and earnings data are needed to measure performance or conduct rigorous evaluations across a range of programs. The National Directory of New Hires (NDNH) is a database of employment and Unemployment Insurance (UI) information administered by the Office of Child Support Enforcement within HHS. Access to this data is tightly controlled by statute, and HHS implements strong privacy, confidentiality, and security protections to safeguard the data from unauthorized use or disclosure—there has never been a breach of the national NDNH data. Currently several programs are successfully using this data for program integrity, implementation, and research purposes.

The Budget proposes to build on this strong history of data stewardship and protection

to allow additional programs and agencies to access this valuable data to learn what works and improve program implementation, while continuing to protect the privacy, security, and confidentiality of that data. Specifically, the Budget supports a package of proposals designed to clearly specify the purpose for which the data may be used, require that the minimum data necessary be used to achieve the purpose, and include strong penalties for the unauthorized access, use, disclosure, or re-disclosure of the data. In order to streamline access to the data by authorized agencies for program integ-

rity purposes, the package includes a proposal which would allow the authorized agencies access to the NDNH data through the Do Not Pay Business Center at Treasury. In addition, each component of the package is designed to satisfy the Administration's criteria for when authority to access NDNH data should be considered. The package also requires HHS to review each agency's data security before allowing that agency to access the data, prohibits HHS from granting access to the data for any purpose not authorized in statute, and requires HHS to publicly report on the use of NDNH data.

NDNH Access Proposals	
AGENCY	PROPOSAL
	PRIVACY AND CONFIDENTIALITY PROTECTIONS
HHS/ACF	The Package would: 1) require the Administration for Children and Families (ACF) to review an entity's data security prior to granting access to NDNH data; 2) prohibit ACF from granting access to NDNH data for any reason not authorized in statute; and 3) require ACF to generate public reporting on the use of records.
	PROGRAM INTEGRITY PROPOSALS
HHS/Centers for Medicare & Medicaid Services	Assist with income and employer verification and improve the Affordable Care Act advance premium tax credit payment accuracy to reduce improper payments.
Department of Agriculture/Rural Housing Service	Verify eligibility and validate the income source information provided by means-tested single family housing loan applicants and multifamily housing project-based tenants.
Railroad Retirement Board	Establish eligibility for processing disability benefits in a more efficient manner.
Department of Labor/UI	Require (rather than permit) states to cross-match with NDNH to identify improper payments.
	EVALUATION/STATISTICAL/PROGRAM ADMINISTRATION PROPOSALS
Multi/Statistical and Evaluation Access	Access to NDNH for Federal statistical agencies, units, and evaluation offices or their designees for statistical, research, evaluation, and performance measurement purposes associated with assessing positive labor market outcomes. Would reduce cost of the 2020 Census by several hundred million dollars.
Workforce Programs at Departments of Labor and Education	Provide access for program administration, including Federal oversight and evaluation, and authorize data exchanges between State child support and workforce agencies.

Reorganizing Government: Reforming to Win in the Global Economy

The Administration will also continue efforts to drive lasting change in how Government works through reorganizing or consolidating Federal programs to reduce duplication, and identify cost savings to allow the Government to invest more in productive activities. The President is again asking the Congress to revive an authority that Presidents had for almost the entire period from 1932 through 1984—the ability to submit proposals to reorganize the Executive Branch through

a fast-track procedure. In effect, the President is asking that the next President have the same authority that any business owner has to reorganize or streamline operations to meet changing circumstances and customer demand. For example, consolidating business and trade promotion into a single department would enhance Government productivity and effectiveness. Bringing together the core tools to expand trade and investment, grow small businesses, and support innovation, would help American businesses compete in the global economy, expand exports, and create more jobs at home.

