

# MODERNIZING GOVERNMENT FOR THE 21<sup>ST</sup> CENTURY

## WHERE WE ARE: FEDERAL CONTEXT

When America's Founders established the Constitution, they laid out a clear mission for the Federal Government, from providing for the common defense to securing the blessings of liberty. To this day, the business of Government remains to serve the American people by meeting their expectations in these foundational mission areas.

Nearly two decades into the 21<sup>st</sup> Century, the public still believes that the Federal Government serves critical roles and, in some areas, does them well.<sup>1</sup> Yet public trust in the Federal Government continues to decline, sitting at near-historic lows.<sup>2</sup> The Nation faces a significant national debt and annual deficits that require Government to change how it operates.

## HOW WE GOT HERE: ROOT CAUSE CHALLENGES AND EFFECTS

Many of the Federal Government's challenges and shortcomings arise from practices designed in the past and trends that can no longer be sustained. Major root cause challenges facing the Federal Government include:

**Accumulated Regulatory Burden.** Over many decades, Federal agencies have imposed countless regulatory requirements on individuals, businesses, landowners, and State and local governments. Some of these regulations serve important public purposes. Many regulations, however, are outdated, duplicative, or unnecessary, yet continue to impose costly burdens.

Careful reconsideration of the regulatory burden is necessary to promote economic growth and individual freedom.

**Structural Issues.** Silos across Federal agencies and offices can stymie collaboration, resulting in fragmented services and piecemeal efforts. Greater coordination is needed among and within agencies and also with the Congress to improve management of the Federal Government and to remove outdated regulations and other obstacles to change.

**Decision-Making and Processes.** The public lacks sufficient opportunities to give feedback on Federal programs and services, making it harder to identify weaknesses and make improvements. Smarter use of data and evidence is needed to orient decisions and accountability around service and results.

**Leadership and Culture.** Achieving beneficial outcomes that serve the public should be the Federal Government's primary focus. Yet service delivery sometimes suffers due to checking unnecessary bureaucratic boxes. Managers need greater discretion to execute programs effectively, foster the highest-performing workforce, and solve real-time problems.

**Capabilities and Competencies.** Antiquated, unsecure technology risks can leave the public frustrated and vulnerable. Too many Federal employees perform outdated duties that rely on outdated skillsets, and Government too often struggles to award effective, timely contracts. A more nimble and effective approach is needed to keep technologies and workforce skills current and to ensure that the Federal workforce can meet future needs.

<sup>1</sup> Pew Research Center, December 2017, "Government Gets Lower Ratings for Handling Health Care, Environment, Disaster Response."

<sup>2</sup> Pew Research Center, May 2017, "Public Trust in Government Remains Near Historic Lows as Partisan Attitudes Shift."

### WHERE WE ARE HEADED: A MULTI-GENERATIONAL VISION FOR REFORM

The vision for reform must be multi-generational, enabling the Federal Government to continue adapting to changing needs over time. The Administration cannot pursue short-term fixes only to see Government quickly become outdated once again. Deep-seated transformation takes time and will not happen in one or two years.

In March, the Administration will announce the President's Management Agenda, which will set forth a long-term vision for an effective Government that works on behalf of the American people and is focused on the following:

**Mission:** The American people count on the Federal Government every day, from national security to infrastructure to food and water safety. Public servants must be accountable for mission-driven results and have the necessary tools to deliver.

**Service:** Federal customers range from small businesses seeking loans, to families receiving disaster support, to veterans owed proper benefits and medical care. They deserve a customer experience that compares to—or exceeds—that of leading private organizations.

**Stewardship:** Effective stewardship of taxpayer funds is a crucial responsibility, from preventing fraud to maximizing impact. Taxpayer dollars must go to effective programs that efficiently produce results. The Budget conservatively projects that \$139 billion in savings can be achieved over the next decade through the prevention of improper payments alone.

### HOW WE WILL GET THERE: KEY DRIVERS OF REFORM

The Federal Government's challenges have not arisen in isolation, and cannot be solved through isolated efforts. The Administration will drive Government modernization by working at the junctions where these drivers intersect, rather than working in silos. Over time, it will target broad impacts on underlying issues, including legislative changes.

While challenges are complex, a few key drivers will determine the Administration's success at reform. Modernizing and strengthening these drivers will bolster results throughout Federal agencies and mission areas.



**Modern information technology** will function as the backbone of how Government serves the public in ways that meet their expectations and keep sensitive data and systems secure.

**Data, accountability, and transparency** will provide the tools to deliver visibly better results to the public and hold agencies accountable to taxpayers.

**A modern workforce** will enable senior leaders and front line managers to align staff skills with evolving mission needs. This will require more nimble and agile management of the workforce, including reskilling and redeploying existing workers to keep pace with an environment of change.

### FROM VISION TO ACTION: COMMITMENTS

The Administration will make aggressive down payments on this vision, paving the way for sustained improvement over time that is efficient, effective, and accountable. The Administration will carry out this important work through multiple channels that, together, will yield tangible

improvements for the Nation, its people, and the economy.

**The President's Management Agenda.** In March, the Administration will announce specific efforts to advance the vision and improve the three drivers of reform. The Administration will name senior accountable officials and establish concrete goals and trackable metrics to ensure public accountability. This agenda will address critical challenges where Government as a whole still operates in the past. Specific goal areas will include:

- **Modernizing Information Technology (IT) to Increase Productivity and Security.** Although the Federal Government spends roughly \$90 billion annually on IT, these systems remain outdated and poorly protected. The Administration will increase the use of modern technologies, retire highly insecure and outdated systems, and direct modernization cost savings to mission-driven outcomes. The Administration will improve its ability to identify and combat cybersecurity risks to agencies' data, systems, and networks.
- **Creating a 21<sup>st</sup> Century Framework for Data that Drives Efficiency, Accountability, and Transparency.** The Federal Government needs a robust, integrated approach to using data to deliver on mission, serve customers, and steward resources. The Administration will better manage and leverage data as an asset to better grow the economy, increase the effectiveness of Government, facilitate oversight, and promote transparency.
- **Developing a Workforce for the 21<sup>st</sup> Century.** Outdated rules and technology have often left the Federal Government struggling to attract the best talent, to hire quickly, or to hold workers and leaders accountable. The Administration will modernize processes and practices to bring out the best in employees and enable the Federal workforce to more effectively deliver mission results.
- **Improving the Customer Experience with Federal Services.** The American people expect high-quality customer service from Federal programs. The Administration will ensure that Government no longer lags behind the private sector in customer experience.<sup>3</sup>
- **Shifting from Low-Value to High-Value Work.** Hundreds of burdensome rules and requirements built up over decades force Federal agencies to devote their resources toward meaningless compliance. These resources can be better spent serving citizen needs. The Administration will clear out low-value, unnecessary, and obsolete policies and requirements to shift resources toward high-value work. The Administration has already begun this process by eliminating outdated plans and reports that burden Federal employees with unnecessary hours of paperwork. With the Budget, Federal agencies are also proposing that the Congress eliminate or modify approximately 400 plans and reports because they are outdated or duplicative (a list of these proposals is available on [www.performance.gov](http://www.performance.gov)).
- **Improving the Efficiency and Effectiveness of Administrative Services across Government.** Agency missions are imperiled and taxpayer dollars are squandered when administrative functions across agencies—such as IT, human resources, and contracting—are inefficient or fail to take advantage of economies of scale. Half of Federal agencies report low satisfaction with such administrative functions. The Administration will improve the quality and efficiency of administrative services, freeing resources to improve outcomes and accountability for the American people.

To drive these long-term Presidential priorities, the Administration will leverage cross-agency priority (CAP) goals to coordinate and

<sup>3</sup> American Customer Satisfaction Index. *National, Sector, and Industry Results*. December 2017.

publicly track implementation across agencies. CAP goals will also strengthen Federal Government management in other priority areas, such as improving management of major acquisitions, reducing improper payments, increasing transparency of IT costs, enhancing accountability for grant spending, and improving purchasing across Government as an enterprise. CAP goal teams will lead the execution of related Administration priorities, such as implementing the recommendations of the *Report to the President on Federal IT Modernization* focused on Network Modernization, Cybersecurity, and Shared Services. The Administration will establish Centers of Excellence inside the General Services Administration to focus on critical priorities such as cloud migration, data center consolidation, and modernizing call centers to better serve citizens. The Administration will work to strengthen fundamental capabilities, such as the ability to manage data comprehensively and to use data routinely to improve operations, which are the backbone of how business is accomplished in the modern era. In addition to cross-agency efforts, each major Federal agency is publishing an updated strategic plan with the Budget, establishing strategic objectives for the Administration's first term and committing to agency priority goals for the next two years. A full list of agency performance plans is available at [www.performance.gov](http://www.performance.gov).

**Reorganization and Reform.** Last March, the President sent out a call for change in Executive Order 13781, "Comprehensive Plan for Reorganizing the Executive Branch," where he tasked the Office of Management and Budget (OMB) Director with providing a plan to reorganize the Executive Branch. The Budget is a first step in presenting this plan to the American people. This plan includes changes that can be accomplished with existing authorities as well as others that would require new funding and authorities. These changes also include reforms identified by individual Federal employees, who answered the Administration's request for their best ideas to improve public services or better use taxpayer dollars.

These reforms include, for example: eliminating unnecessary political positions; using shared services to improve IT services and reduce costs through economies of scale; realigning offices and personnel; and revamping regional offices. For instance, in order to improve customer service, the Department of the Interior has already begun to shift employees away from Washington, District of Columbia, closer to the citizens the Agency serves. The Department of Energy is also planning to review its existing laboratory network and identify potential efficiencies.

As part of this plan, the Administration is also planning to review how it can restructure functions across Federal agencies. For instance, it is planning a review of how it can streamline Federal statistical functions across multiple Federal agencies. The Administration is also reviewing Federal development finance activities—currently spread across the Overseas Private Investment Corporation and multiple offices at the United States Agency for International Development and other Federal agencies—to identify ways to reduce duplication and better achieve national security and international development outcomes while supporting U.S. business and jobs. The Budget proposes to consolidate these functions into a new Development Finance Institution, including reforms that protect taxpayer dollars.

In the months ahead, the Administration plans to unveil additional reorganization proposals designed to refocus programs around current and future needs.

**Getting Government Out of the Way.** Within 10 days of taking office, the President issued Executive Order 13771, "Reducing Regulation and Controlling Regulatory Costs," which directs agencies to reduce regulatory burdens by eliminating two existing regulations for each new one issued and impose no net regulatory burden in 2017.

The Administration recognizes that excessive and unnecessary Federal regulations limit individual freedom and suppress the innovation

and entrepreneurship that make America great. Starting with confidence in private markets and individual choices, this Administration is reassessing existing regulatory burdens. Agencies have identified regulatory actions ripe for reform and are working to eliminate or modify those requirements. The Administration also approaches the imposition of new regulatory requirements with caution to ensure that regulations are consistent with law, necessary to correct a substantial market failure, and net beneficial to the public.

The Administration's regulatory philosophy and approach emphasize the connection between limited Government intervention and individual liberty. Regulatory policy should serve the American people by staying within legal limits and administering the law with respect for due process and fair notice.

In December 2017, OMB released its *Regulatory Reform Status Report: Two-for-One and Regulatory Cost Maps*, which assessed agency performance under Executive Order 13771 during 2017. At the same time, OMB released the *Unified Agenda of Regulatory and Deregulatory Actions and the Regulatory Plan*, which set forth the Administration's roadmap for a more limited, effective, and accountable regulatory policy in 2018 and beyond.

- **Regulatory Reform in 2017.** In just its first eight months, the Administration eliminated 67 regulations and adopted only three significant new regulations. This 22-to-one ratio far exceeds the President's "two-for-one" requirement. It also generated \$8.1 billion in net regulatory cost savings (present value), far surpassing the President's requirement to hold net costs to zero. The Administration took further action to withdraw or delay more than 1,500 regulations in the pipeline, and has been transparent about these planned regulatory actions. This pace and scope of deregulation is unprecedented.
- **Regulatory Reform in 2018 and Beyond.** The Administration's *Unified Agenda* currently projects the elimination of approximately 448 regulations and the

addition of only 131 new regulations. In 2018, Federal agencies are committed to cutting more than \$9.8 billion in lifetime regulatory costs. Across the Government, this Agenda will drive substantial reductions in regulatory costs beyond what has already been accomplished. For additional information, please visit [www.reginfo.gov](http://www.reginfo.gov).

At its core, regulatory reform not only promotes individual liberty and a flourishing economy, but also supports America's constitutional democracy. OMB's regulatory review process ensures that agencies stay within the legal authority given by the Congress. Where the law leaves discretion, however, the Administration will work with agencies to ensure that regulatory policy reflects Presidential priorities. This executive direction grounds the rulemaking process in democratic accountability.

By starting from a foundation of confidence in markets, individual choice, and the hard-working men and women of America, the Administration has already achieved—and will continue to achieve—dramatic reductions in the regulatory burden on the American economy and individual freedom. The agenda for the coming year promises a regulatory policy that works for the American people.

**A Clear Roadmap Ahead.** The Federal Government cannot be fully equipped to meet modern management challenges without support from the Congress. In some cases, real change will demand different agency structures. In other cases, the Administration may need to update rigid requirements from the past that hold back Government.

Government must recognize that it can no longer meet modern needs with the same approaches, technology, and skillsets from centuries past. By acknowledging shortcomings, setting a modern vision, and delivering on concrete goals, the Administration can adapt Federal programs, capabilities, and the Federal workforce to more efficiently, effectively and accountably meet mission demands and public expectations.