

IV. IMPROVING PERFORMANCE THROUGH BETTER MANAGEMENT

IV. IMPROVING PERFORMANCE THROUGH BETTER MANAGEMENT

We had to reject the idea of those who say we should do nothing with Government and reject those who say we should try to do everything. Instead, we gave the American people a Government that is very much smaller, more focused, but more committed to giving people the tools and conditions they need to make the most of their lives.

President Clinton
October 1997

The President has challenged the Federal Government to do more with less—and with good reason.

Departments and agencies, which once could count on more funds from year to year, no longer can; indeed, with the Administration committed to balancing the budget, some agencies will get less.

Public demands for more and better services have not shrunk, however. Americans continue to want good schools, a clean environment, high-quality health care, and secure retirement benefits. Thus, the Government must satisfy these demands by managing better and improving the performance of programs.

The Administration has answered the call. Vice President Gore, working with the departments, agencies, and inter-agency working groups, and drawing on the expertise of the private sector, has led an unprecedented effort to cut the size of the Federal Government and make it more efficient and effective. Through these reinvention efforts, the Administration has saved \$137 billion over the last five years.

The Administration has cut the civilian Federal work force by over 316,000¹ employees, creating the smallest work force in 35 years and, as a share of total civilian employment, the smallest work force since 1931. Almost all of the 14 Cabinet Departments have cut their work forces; only the Justice Department's work force is growing

due to the Administration's expanded war on crime and drugs, while the Commerce Department's work force is growing due to the decennial census (see Charts IV-1 and IV-2).

But the work is not done, and the Administration has an ambitious agenda to continue reinventing Government so that it is more effective, more efficient, and more responsive to the American people. This section highlights the key parts of this "Management Agenda"²:

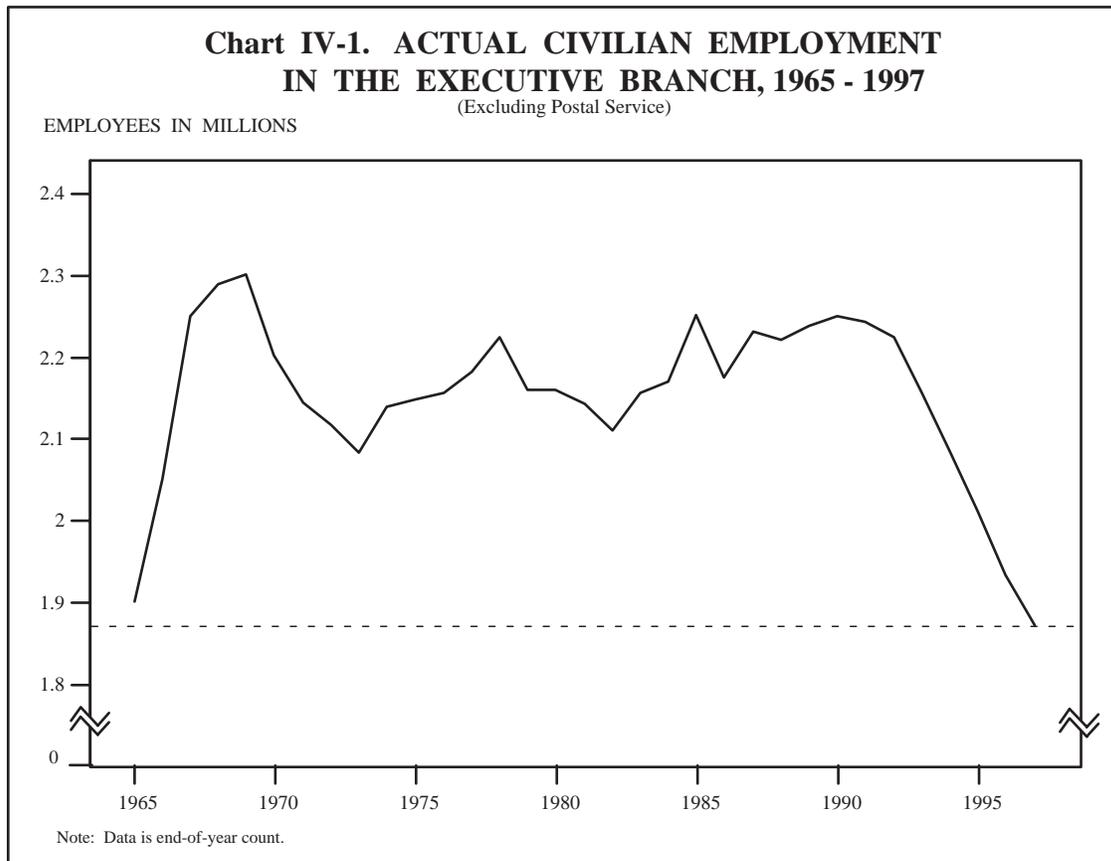
- The National Performance Review's (NPR) efforts to reinvent entire agencies;
- The Administration's top management objectives;
- The Administration's management support initiatives; and
- The activities of inter-agency working groups.

The NPR: Reinventing Agencies to Serve Americans

The NPR has introduced important changes across the Government that have improved services and cut costs—from streamlined drug approvals at the Food and Drug Administration to better customer service at the Social Security Administration; from procurement reforms that have saved \$12.3 billion to the pending sale of the Naval Academy's 800-acre dairy farm in Annapolis, Md. Now, the NPR is moving from reinventing processes

¹ As of September 30, 1997.

² For more information on the issues discussed in Section IV, see the footnotes that list websites on the Internet.



within agencies to reinventing agencies in their entirety in order to create customer-oriented, results-driven organizations that focus on performance.

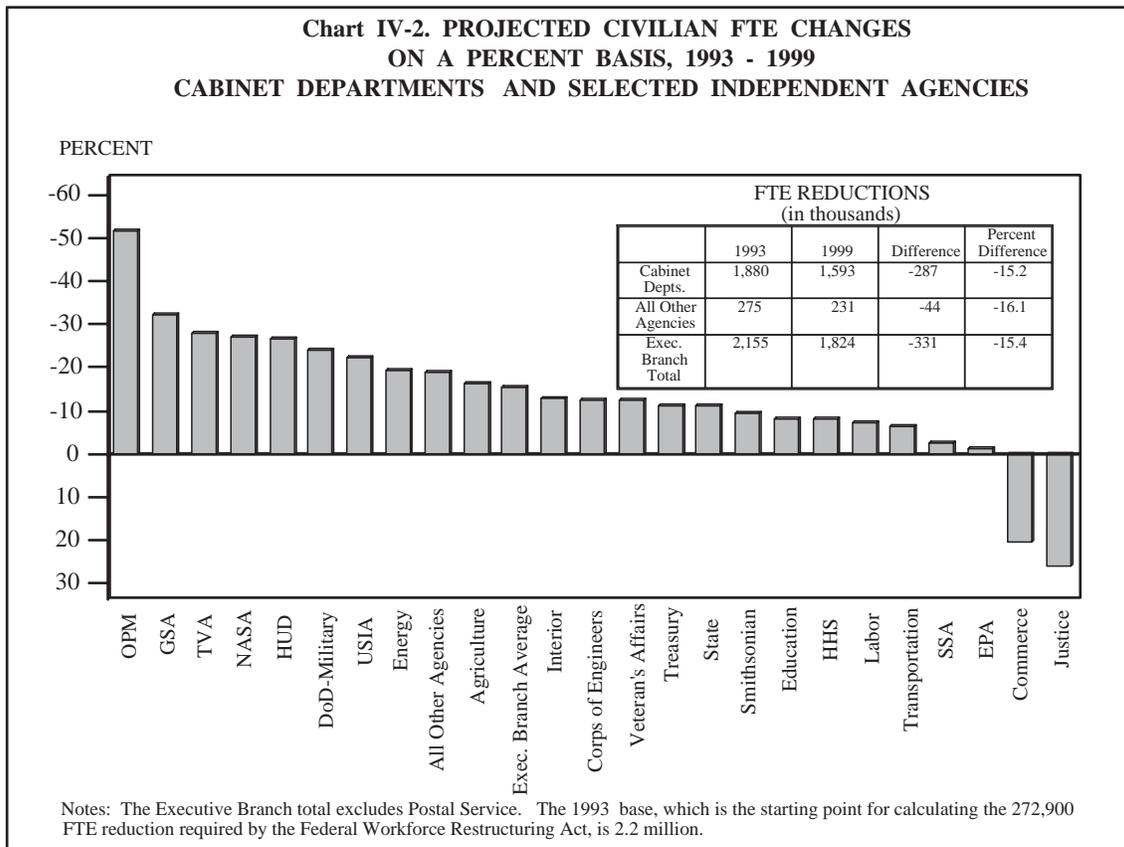
Over the next three years, the NPR will work with the agencies that interact most with individuals and businesses to improve performance and enable the American people to more quickly enjoy better service and regain their confidence in Government. Following the examples of America's best-run companies, the NPR will help these agencies align their management systems to better serve their customers. These agencies already have the key building blocks in place: strategic plans, annual performance plans, and budgetary resources. The next step is to better integrate their information technology, human resource systems, and service processes so that they better focus on customers.

In addition, the Vice President has challenged the leaders of 32 agencies, with over 1.4 million full-time equivalent (FTE) positions, to commit to achieving significant,

concrete, measurable goals over the next three years. These "High Impact Agencies" include the Immigration and Naturalization Service, National Park Service, and Social Security Administration (see Table IV-1).

"You should focus your efforts in three areas—partnerships, the use of information technology, and customer service," the Vice President instructed the heads of these agencies last summer. "Yours are the agencies that shape the public's opinion of Government and can redeem the promise of self-government. Public cynicism about Government is a cancer on democracy. Reinvention isn't just about fixing processes, it's about redefining priorities and focusing on the things that matter."

Working with the NPR, these agencies have developed over 200 specific, measurable commitments that they will complete by the year 2000. They involve improving services



in areas that Americans care about.³ Major performance goals include:

- *Improving student aid delivery:* The Education Department will determine, within four days, the eligibility of students and families who apply for student aid electronically, cutting the processing time in half.
- *Speeding aid to disaster victims:* Through partnerships with Federal, State, local, and voluntary agencies, the Federal Emergency Management Agency will act on all requests to meet victims' needs for water, food, and shelter within 12 hours of a disaster event, with the intent to coordinate services within 72 hours of a Presidential declaration of disaster.
- *Finding the right agency on the first try:* The General Services Administration will restructure Federal listings in the blue pages of local telephone books, ensuring

that Americans can find the Government service they need the first time they look.

- *Reducing time for clearance at U.S. airports:* Working with the Agriculture Department and the Customs Service, the Justice Department's Immigration and Naturalization Service will clear international passengers at airports in 30 minutes or less while improving enforcement and regulatory processing.
- *Reducing injury and illnesses in the workplace:* The Labor Department's Occupational Safety and Health Administration will cut injury and illness rates by a fifth in at least 50,000 of the most hazardous workplaces.
- *Increasing access to Federal recreation opportunities:* The National Park Service will create, with other Federal natural resource agencies, an integrated Nation-wide outdoor recreation information system that gives all Americans electronic access to information about recreation on Federal

³The NPR's home page, at www.npr.gov, links to the performance commitments of each agency.

Table IV-1. High Impact Agencies

<p>Agriculture: Animal and Plant Health Inspection Service Food Safety and Inspection Service Food and Consumer Service Forest Service</p> <p>Commerce: Bureau of the Census U.S. and Foreign Commercial Service/International Trade Administration Patent and Trademark Office National Weather Service</p> <p>Defense: Acquisition Reform</p> <p>Education: Student Financial Assistance</p> <p>Environmental Protection Agency</p> <p>Federal Emergency Management Agency</p> <p>General Services Administration</p> <p>Health and Human Services: Food and Drug Administration Administration for Children and Families Health Care Financing Administration</p> <p>Interior: National Park Service Bureau of Land Management</p>	<p>Justice: Immigration and Naturalization Service</p> <p>Labor: Occupational Safety and Health Administration</p> <p>National Aeronautics and Space Administration</p> <p>Office of Personnel Management</p> <p>Small Business Administration</p> <p>Social Security Administration</p> <p>State: Bureau of Consular Affairs</p> <p>Transportation: Federal Aviation Administration</p> <p>Treasury: Customs Service Internal Revenue Service Office of Domestic Finance/Financial Management Service</p> <p>U.S. Postal Service</p> <p>Veterans Affairs: Veterans Health Administration Veterans Benefits Administration</p>
---	--

lands, recreation use permits, and reservations.

- *Speeding Social Security information:* The Social Security Administration will provide overnight electronic Social Security number verification for employers. Today, verification can take up to two weeks.

Priority Management Objectives

The Administration plans to “provide management leadership to ensure the faithful

execution of the enacted budget, programs, regulations, and policies,” and to “work within and across agencies to identify solutions to mission critical problems.”⁴ For 1999, the Administration will focus on 22 key management objectives (see Table IV-2).

⁴See OMB’s Strategic Plan, at www.whitehouse.gov/WH/EOP/OMB/Special__Emphasis/stratplan.html.

Table IV-2. PRIORITY MANAGEMENT OBJECTIVES

Inter-agency Objectives	
Year 2000	Manage the year 2000 computer problem in a timely and cost-effective manner to ensure that no critical Federal programs fail as a result of this problem.
GPRA	Implement the Government Performance and Results Act in a timely and compliant manner to improve agency program performance.
Financial Management	Present performance and cost information in a timely, informative and accurate way, consistent with Federal accounting standards. Assure the integrity of Federal financial information by completing audits and gaining unqualified opinions for all Chief Financial Officer Act agencies and on the Federal Government as a whole.
Information Technology	Improve the use of information technology and decrease the number of troubled investments in technology.
Selected Inter-Agency Systems	Improve the use of information technology and eliminate unnecessary duplication by developing a Simplified Tax and Wage Reporting System (STAWRS) and the International Trade Data System (ITDS). STAWRS will allow small businesses to file tax information electronically with the IRS instead of providing duplicate information to Federal, State, and local governments. ITDS will connect existing agency systems so that importers, exporters, and others involved in international trade will benefit from "one-stop shopping" for information collection and retrieval.
Acquisition Reform	Provide greater customer satisfaction through acquisition reform in terms of price, timeliness, quality, and productivity; increase use of performance-based service contracting.
Loan Portfolio Management	Improve loan portfolio management by encouraging the use of electronic loan origination, loan underwriting, and reporting on the status of major loan portfolios that will provide faster and more economical loan processing.
Debt Collection	Improve debt collection for major receivable accounts by effectively using the tools provided by the Debt Collection Improvement Act of 1996 (referral to private collection agencies, referral to Treasury for offset, and asset sales).
International Credit Programs	Improve agency loan management servicing, portfolio tracking and credit budgeting policies and procedures. More accurate financial records, which use consistent accounting standards, will result in improved repayment practices and increased collections. (The Agency for International Development, Overseas Private Investment Corporation, Export Import Bank, Defense Security Assistance Agency, Defense Export Loan Guarantee Program, and Agriculture have about \$130 billion in outstanding loans and guarantees to foreign obligors.)
Statistical Programs	Strengthen the quality, utility, accessibility and cost-effectiveness of Federal statistical programs.
Regulation	Maximize the social benefits of regulation while minimizing the costs and burdens of regulation.

Table IV-2. PRIORITY MANAGEMENT OBJECTIVES—Continued

Agency-Specific Objectives	
Defense	Develop a plan with specific milestones to obtain an unqualified audit opinion on Defense's financial statement.
Defense	Increase outsourcing and privatization of military department infrastructure functions closely related to commercial enterprises, and of Defense Logistics Agency, Defense Finance and Accounting Service, and Defense Health Program functions.
Education	Modernize the management of student aid benefit delivery by reforming contracting, system development, and program oversight practices.
Energy	Use prudent contracting and business management approaches that emphasize results, accountability, and competition; improve timeliness; minimize costs; and ensure customer satisfaction.
Housing and Urban Development ...	Implement HUD's 2020 Management Reform Plan to: (a) restore public trust by achieving and demonstrating competence in implementing HUD's programs, and (b) restructure the way HUD operates to empower people and communities. Implementation of HUD's management reform plan began in June 1997 and will extend to 2002. HUD will periodically measure changes in its performance to assess the impact of reform.
Interior: Bureau of Indian Affairs ...	Seek to settle disputed tribal trust fund balances, make comprehensive reforms to the operation of tribal and individual Indian trust asset and trust funds management, and implement a recently introduced legislative proposal to consolidate ownership of highly fractionated Indian lands.
Transportation: Federal Aviation Administration (FAA)	<p>FAA Reform:</p> <p>Implement a personnel system that, without increasing costs, empowers managers to effectively hire, reward, promote, discipline, and remove employees, while at the same time protecting employee rights.</p> <p>Implement a financial system that accurately relates services to costs that can be reflected in user charges.</p> <p>Reduce developmental risk and total life-cycle cost of FAA major information technology investment/air traffic control modernization systems.</p>
Treasury: Financial Management Service (FMS)	Implement a number of changes at FMS to increase electronic payments, collections, and debt collection; and improve the accuracy and timeliness of Government-wide accounting and reporting.
Treasury: Internal Revenue Service (IRS)	Position the IRS to move forward with the Modernization Blueprint and undertake an incremental modernization, including year 2000 conversion, resulting in centralized data bases that would stimulate significant improvements in customer service, compliance and financial reporting.
Veterans Affairs	Work to consolidate infrastructure (hospitals, regional offices, data centers) where service improvements and efficiencies can be achieved.
Social Security Administration	Reduce the processing time for disability claims and appeals in the Disability Insurance and Supplemental Security Income programs at lower administrative cost with neutral impact on program costs.

Agency managers have the primary responsibility to achieve these performance goals; they must actively and effectively carry out both inter-agency and agency-specific initiatives. OMB will help agencies develop specific measures⁵ and implement detailed action plans to ensure that they make progress toward meeting these commitments.

The Government-wide management initiatives described below will help achieve several of these inter-agency objectives.

Year 2000 Computer Problem: The Administration is committed to ensuring that agency computer systems correctly process the year 2000. The report, "Getting Federal Computers Ready for 2000," which the Administration sent to Congress with last year's budget, outlines the Administration's strategy.⁶ Agencies report quarterly on their progress, as does the Administration as a whole. The Administration's most recent report states that the estimated cost of addressing the problem stands at \$3.9 billion; agencies have identified 8,589 mission-critical systems, 26 percent of which are compliant; and all agencies are renovating their systems. That report also establishes a Government-wide goal of completing the implementation of all mission-critical systems by March 1999. The budget proposes adequate funding to address the problem. For example, the Defense Department will spend \$275 million and the Treasury Department will spend \$312 million.

Government Performance and Results Act (GPRA): All agencies have sent Congress

their strategic plans under the Results Act, and will be sending their annual performance plans as well after the budget is transmitted. Nearly 100 departments and agencies have prepared strategic plans and are preparing annual performance plans. By March 2000, these agencies will submit clear, concise annual performance reports on their progress toward the goals they set in their annual plans.

Agency Audited Financial Statements: For 1996, 22 of the 24 largest agencies have produced audited financial statements, as required by the Government Management and Reform Act (GMRA). On these statements, six agencies already have received unqualified opinions: the Energy Department, General Services Administration, National Aeronautics and Space Administration, Nuclear Regulatory Commission, Small Business Administration, and Social Security Administration. The Chief Financial Officers (CFOs) have projected when their agencies will issue unqualified and timely audited financial statements (see Table IV-3).

As part of a GMRA-authorized pilot program, 12 agencies are issuing Accountability Reports for 1997, enabling them to provide, in one place, reader-friendly information about their programs and operations, including their audited financial statements. In 1998, OMB and the CFO Council will conduct a final assessment of the pilot program and, based on the results, will work with Congress on legislation to turn the pilot into a permanent, Government-wide program. Twenty-one of the 24 agencies have committed to producing an Accountability Report for 1999.

⁵ For information on performance measures for priority management objectives, see OMB's home page, at www.whitehouse.gov/WH/EOP/OMB/Special_Empphasis.

⁶ For more information on the year 2000 issue and other information technology issues, see the Chief Information Officers Council web site (www.cio.fed.gov).

Table IV-3. Financial Statement Performance Goals

Financial Statements	1996 Actual	Estimate			
		1997	1998	1999	2000
Audits Completed	22	23	24	24	24
Agencies with Unqualified Opinion	6	12	16	21	23
Agencies with Unqualified and Timely Opinion	4	9	16	21	23

Government-Wide Audited Financial Statements: GMRA also requires the first Government-wide audited financial statements for 1997. The Government's ability to obtain an unqualified opinion on its Government-wide statements is hampered, however, by the lack of adequate financial management systems to capture the data that would satisfy Federal accounting standards requirements. OMB plans to work with the agencies to resolve these problems in time for the Government to receive such an opinion on its 1999 statements.⁷

Information Technology Investments: Investments in information technology can help Government to work better and cost less. For the best return on investment, agencies are following the successful practices of private firms—reengineering, creating disciplined capital programming processes, and developing information technology architectures—to ensure that the investments provide workable solutions to problems at a reasonable cost. (For performance information with regard to information technology investments for 1999 and beyond, see Table IV-4.)

Table IV-4. Program Performance Benefits From Major Information Technology Investments

(Budget authority, in millions of dollars)

Program/Project	1997 Actual	1998 Estimate	1999 Proposed	Program Performance Benefits ¹
Agriculture: Common Computing Environment. ²	21	41	45	Allows "one-stop service" for farmers at local Agriculture Department offices.
Commerce: Advanced Weather Interactive Processing System.	100	117	69	Improves the accuracy of forecasts. Lowers the costs of generating forecasts through reduced staffing requirements. A component "The Advance Hydrological Prediction System" will provide 60-day flood warnings with 90-percent accuracy.
Commerce: Census 2000.	26	80	199	Reduces errors, the number of temporary employees needed, and publication costs.
Defense: Defense Message System.	154	197	207	Provides timely, reliable, accountable, and secure messaging and electronic mail directory services to tactical, organizational and individual users. Defense estimates lifecycle cost savings of over \$600 million.
Education: Direct Student Lending.	141	187	220	Supports loan origination and servicing of a portfolio that will grow to more than \$55 billion in 1999.
Education: National Student Loan Data System.	27	21	27	Improves the Government's collection of defaulted loans and integrity of participating institutions.
Education: PELL Grant Systems.	7	7	7	Distributes grant funds to institutions and supports sound financial management.
Education: Guaranteed Student Loan Data System.	23	24	30	Improves the Government's collection of defaulted loans.
Education: Student Aid Application System.	49	51	63	Assists institutions and students by providing a standardized way to determine financial aid eligibility.
Energy (DOE): Telecommunications Integrator Services (TELIS) contract. ³	2	100	123	Lowers operating and maintenance costs and improves sharing of information by promoting interoperability of telecommunications systems.
Health and Human Services: Medicare Information Technology System. ⁴	75	40	45	Simplifies and streamlines claims processing, eligibility, and managed care information systems while improving service to Medicare customers.

⁷For more information on financial management performance commitments, see the CFO Status Report and Five-Year Plan at the OMB web site (www.whitehouse.gov/WH/EOP/OMB/Finance/).

Table IV-4. Program Performance Benefits From Major Information Technology Investments—Continued

(Budget authority, in millions of dollars)

Program/Project	1997 Actual	1998 Estimate	1999 Proposed	Program Performance Benefits ¹
Health and Human Services: Federal Parent Locator Service, including the National Directory of New Hires and the Federal Case Registry.	25	28	29	Assists States in locating out-of-State, non-custodial parents who owe child support by matching quarterly wage, new hire, and unemployment insurance data with national registry of child support cases. This system will increase interstate collections by \$3 billion over ten years.
Housing and Urban Development: Information Technology Investments.	48	90	90	Provides better internal controls and oversight of federal grants, verification of the eligibility of recipients, timely and accurate payment of funds, and oversight and servicing of FHA mortgages.
Interior: Automated Land Management Records System.	42	33	35	Improves the quality of, and access to, land, resources, and title information for public land managers and adjacent land owners.
Interior: American Indian Trust System.	3	4	10	Ensures that trust income is allocated based upon accurate land ownership information.
Justice: Integrated Automated Fingerprinting Identification System.	84	84	48	Allows the FBI to process routine identification requests in 24 hours and urgent requests in two hours.
Justice: National Criminal Information Center 2000.	8	.....	.....	Provides law enforcement agencies across the country real-time access to sophisticated databases on criminals and criminal activity.
Justice: Information Sharing.	.....	.....	50	Promotes sharing of investigative data bureauwide.
Labor: ERISA Filing Acceptance System.	6	3	(⁵)	Increases the speed, accuracy, and integrity of information that three agencies use to safeguard private pensions.
State: Diplomatic and Consular Systems Modernization. ⁶	146	260	283	Improves delivery and management of information required by diplomatic and consular officers overseas to support the Nation's foreign policy goals and ensure U.S. border security.
Transportation: Federal Aviation Administration Air Traffic Control System Modernization.	1,233	1,306	1,410	Maintains and improves capability to promote the safe, orderly, and expeditious flow of air traffic. Reduces the accident rate by 80 percent of baseline levels by 2007.
Treasury: Information Technology Investments.	.....	325	323	Provides advanced funding for redesign of tax administration systems and operations, improving the timeliness and quality of taxpayer data, and thereby significantly enhancing customer service and collection activities. Increases automated calls answered from 16 million to 30 million.
Treasury: Treasury Communications System. ⁷	129	187	200	Provides secure data transmission and information services worldwide for Treasury bureaus.
Treasury: Automated Commercial Environment.	12	11	56	Supports business process redesign, systems architecture, development, and implementation for systems to replace Customs' Automated Commercial System.
Veterans Affairs: VA Medical Enrollment System.	1	80	73	Allows automation of veterans' eligibility status and tracking of veteran demographics.
Environmental Protection Agency: Toxic Release Inventory System.	8	7	8	Helps to improve the environment by maintaining data related to certain toxic chemical uses. The data are available to EPA staff, State and local governments, educational institutions, industry, environmental and public interest groups, and the general public. This allows for search requests to be fulfilled within 48 hours 95 percent of the time.
National Aeronautics and Space Administration: Earth Observing System Data Information System.	235	210	257	Supports spacecraft control, science data processing, and Earth science data management, archiving, and distribution. Will archive 560 terabytes and deliver 3.4 million data products by end of 1999.

Table IV-4. Program Performance Benefits From Major Information Technology Investments—Continued
(Budget authority, in millions of dollars)

Program/Project	1997 Actual	1998 Estimate	1999 Proposed	Program Performance Benefits ¹
Social Security: Automation Investment Fund.	235	190	.....	Provides more than 2,400 workyears in productivity gains for SSA and State Disability Determination Services.
General Services Administration: FTS2001 Program. ⁸	10	13	11	Beginning in 1999, will offer the Federal Government low-cost, state-of-the-art, integrated voice, data, and long-distance telecommunications. Replaces the FTS2000 contracts for similar services that expire in 1998.
Nuclear Regulatory Commission: Agency Document Access and Management System.	2	7	4	Implements workprocess improvement review and increases staff efficiency through improved information access and elimination of redundant data entry. Reduces maintenance costs by replacing aging legacy hardware and minimizing custom software.
Office of Personnel Management: Retirement System Modernization.	.....	2	5	Completes development of agency-wide information technology architecture and development of retirement system modernization program requirements.
Interagency: Simplified Tax and Wage Reporting System.	1	.....	2	Reduces employers' tax and wage reporting burden.
Interagency: International Trade Data System.	6	6	5	Reduces burden on exports and imports, speeds up shipments, and improves the quality of trade statistics.
Interagency: Data Center Consolidation.	.....	100	100	Saves money by requiring all Federal agencies to consolidate or collocate their data processing centers to fewer larger, more efficient, and cost effective locations, either within the Government or with a private sector provider.
Interagency: Land Mobile Radio Narrowbanding. ⁹	.....	.....	130	Allows a 50-percent increase in number of radios that can operate in current spectrum, promoting interoperability among users.

¹ Required under the Clinger-Cohen Information Technology Management Reform Act.

² Previously called the Field Service Center Initiative

³ Budget authority for non-DOE agencies using the TELIS contract vehicle is \$1.5 million, \$77 million, and \$99 million in 1997, 1998, and 1999, respectively.

⁴ Succeeds the Medicare Transaction System.

⁵ 1997 and 1998 figures represent capital investment to set up the system. 1999 numbers are operational costs. For consistency, 1999 is zero for capital costs and \$4.5 million in operational costs.

⁶ Includes user fees and budget authority

⁷ Funded through Treasury's working capital fund, not annual appropriations.

⁸ Cost numbers are not budget authority, but agency contributions to the Information Technology Fund for expenses associated with the FTS2001 Program. These numbers do not include the cost of transitioning to the new contracts.

⁹ Total of Departments of Justice, the Treasury, Agriculture, and Transportation investments.

Procurement: Changes in law and regulatory policy continue to help agencies get more value from what they buy, improving Government's performance along the way. With fewer Government-specific requirements to meet and with more flexibility, contracting officials can increasingly buy commercial items and, in the process, pay less while they gain access to the most current technology. Agencies can communicate more with industry and more directly link Government's needs to the market's capabilities. The Administration will build on these improvements so that Federal acquisition practices can match those of the most successful companies. For instance, by the end of 1999: 15 agencies will have a sys-

tem in place to evaluate contractor performance on all non-exempt contracts over \$100,000; agencies will make 60 percent of all transactions under \$2,500 with the Government charge card; and OMB will work with agencies to increase, by 30 percent, the number of model performance-based service statements of work available for agency use.

Performance Based Service Contracting (PBSC): PBSC requires that, in procuring a service, the Government outline its needs in measurable, mission-related terms—not prescribe precisely how contractors do the work, and not describe its needs too vaguely. With PBSC, agencies pay for results, not effort or process, enabling contractors to determine the

best, most cost-effective ways to do the job. Preliminary results of a Government-wide PBSC pilot project show that it cut prices 15 to 20 percent while increasing Government's satisfaction with contractor performance. The Administration believes that PBSC offers great potential to reap savings and other benefits in the roughly \$100 billion that the Government spends a year on service contracts. Agencies plan to convert about 1,000 contracts, valued at \$20 billion, to PBSC over several years. In 1999, agencies project that they will convert at least 700 contracts, worth \$9 billion, to PBSC.

Loan Portfolio Management: Because the Federal Government is the Nation's single largest source of credit, agency credit programs and performance measures should address each major phase of credit management—credit extension, account servicing, and special collection. For each phase of this new initiative, agencies will more widely use modern electronic business processes to improve customer service, cut costs, and improve collection. For credit extension, agencies will ensure that individuals and entities applying for credit are eligible in terms of income and are not delinquent on a Federal claim. For account servicing, agencies will work together to ensure that accurate monthly information is available on the status of loans. A consortium of single family loan programs run by the Departments of Housing and Urban Development, Agriculture, and Veterans Affairs will provide a forum for its program delivery partners to speed their use of electronic reporting on the status of accounts.

Debt Collection Management: The 1996 Debt Collection Improvement Act (DCIA) created more tools for the Treasury Department and individual agencies to reduce losses and increase collections. In the special collection phase, when a loan becomes seriously delinquent—over 180 days overdue—Treasury will help the agency by intercepting other Federal payments to the delinquent borrower and applying them to the delinquent account. Treasury can also cross-service debts that are over 180 days overdue by referring them to private collection agencies. A principle of sound credit management for most Federal loan programs is that once a loan is delinquent for over one year, the agency should sell the debt or write

it off as uncollectible, as appropriate. The Federal Credit Policy Working Group will review write-off practices and redesign loan sales policy in order to cut the growth of delinquencies and boost Federal collections of delinquent debt. By January 1999, the Federal Credit Policy Working Group, in cooperation with the CFO Council, will work to reduce delinquencies by 10 percent and increase collections by \$95 million from the 1997 level.

Management Support Initiatives

The activities described above do not encompass all of the Administration's management efforts. Indeed, the Administration continues to work on a host of other initiatives—from providing more Federal services electronically to improving the management of credit programs—that will help reach the goal of creating a Government that “works better and costs less.”

Access America: This plan, which the Vice President is spearheading, is designed to make Government services available electronically to all Americans who seek them. More specifically, the plan calls for, among other things, conducting electronically those transactions that individuals, States, localities, businesses, law enforcement agencies, and others most often request; ensuring high standards of privacy and security for these transactions; and providing the necessary infrastructure and skills in Government to support the vision. A Government-wide task force is leading implementation efforts.⁸

Electronic Commerce Security: Electronic commerce is the use of computers and networks to buy and pay for goods and services, accept regulatory filings, and provide public services—making Government more convenient and cost-effective. For agencies and the public to enjoy those benefits, however, they must be sure that their information is going to whom it should—and to no one else. An important tool for providing that security is the digital signature, but the private institutions and the rules for managing those signatures are just emerging. Through efforts of the Government Information Technology Services Board and others, the Federal Government is aligning Federal electronic commerce security

⁸ For further details, see www.gits.fed.gov.

practices with this emerging private infrastructure.

Data Center Consolidation: The Government can save money by consolidating large computer centers, thereby eliminating duplication in facilities, staff, computer hardware and software, and related services. Large-scale data processing service contracts, such as GSA's Virtual Data Center contract, make outsourcing for the related services sensible and cost-effective. OMB has directed agencies to significantly reduce the number of agency data centers to save substantial sums of money for the Government.

Budgeting for Results: In preparing the budget, the Administration had, for the first time, agency strategic plans, annual performance plans, and performance measures to help decide how to allocate resources. In general, however, the budget structure and charging practices do not make it easy to match costs with a specific program. First, the budget does not charge all of a program's resources to that program; instead, the budget subsidizes programs by paying for certain activities centrally. Second, not all budget accounts are as well-aligned as they might be with the programs they finance. As a result, in some cases, the quality of budgeting, management, and resource acquisition all suffer.

Good budgeting is predicated on the ability to compare costs and benefits, at least roughly, across all programs every year. In some cases, current practices distort such comparisons. Good management requires that managers focus on, and are held accountable for, getting the best results for the resources they have. Managers should be free to allocate resources as they see fit, and to obtain competitive, performance-oriented procurement.

To better integrate budgeting with performance planning and reporting, as GPRA envisions, OMB will work with agencies to review their budget account structures and, in consultation with the Budget Officers Advisory Council and the CFO Council, develop legislation to enable agencies to charge programs' accounts uniformly and comprehensively for the resources they use. As these proposals take shape, OMB will consult with the Congressional Budget Office, the General Account-

ing Office, and congressional committees on next steps.

Competition: Competition spurs efficiency. Federal agencies that provide administrative and other support services need the stimulus of competition to sharpen their skills, improve their performance, and cut their costs. As a result, for buying commercial goods and services, the Administration is encouraging agencies to consolidate common administrative services, and to compete those and other services with one another and with the private sector on a level playing field to provide the best deal for the taxpayer, in accordance with the March 1996 revised OMB Circular A-76 Supplemental Handbook. More competition will spur new technologies, new capital, and new management techniques to help improve performance, while creating greater opportunities for Federal and private employees and their customers. The Secretary of Defense, for instance, has announced that the department will evaluate over 41,000 FTE positions for their possible conversion to the private sector or other agencies in 1999, and evaluate over 150,000 FTE through 2001.

Error Reduction: The Administration is launching an effort to reduce errors in Federal programs that lead to waste, fraud, or abuse. Federal agencies will work together to identify common sources of error and enable the Government to develop more integrated solutions, thus saving money for the taxpayers. For 1999, the Administration will focus on increasing accuracy and efficiency in three areas: program eligibility verification; financial and program management; and debt collection.

- **Eligibility verification:** Many agencies run benefit and credit programs in which eligibility depends, at least in part, on an applicant's income or other financial resources, and other criteria, such as marital status and number of dependents. These programs include small business loans, student loans and grants, veterans pensions, rental housing assistance, income maintenance, nutrition support, and others. Generally, applicants must submit financial and other data on forms that agencies use to determine eligibility. When applicants provide false or erroneous information about their income or personal sta-

tus, they may receive benefits for which they are ineligible, and may deprive eligible applicants from the assistance they deserve. A better verification process for credit and benefit programs can reduce errors significantly and allocate resources more fairly.

- *Financial and program management:* Agencies often can address the sources of errors within programs by changing their financial or management practices. For example, transaction analysis software can help agencies identify improper billing trends or high-risk operations. In addition, agencies could recoup the interest lost due to overpayments to vendors by charging the vendors for those funds, and the Administration is drafting legislation to enable the Treasury Department to assess those charges. Also, more audits and other integrity initiatives will help agencies identify errors earlier. The biggest payoffs come when agencies prevent errors up front or quickly identify them before losses mount.
- *Debt collection:* Although most efforts to improve accuracy focus on prevention, some bad debt is inevitable. In trying to collect, agencies face the major obstacle of finding both the debtor and his or her employer. For example, the Education Department devotes about 70 percent of its collection efforts to locating debtors. Agencies could collect debt more effectively by better using data, subject to appropriate privacy protections, that's already in Government databases such as the National Directory for New Hires, which should be fully on line in early 1998 and which provides some of the Federal Government's most timely information for debt collection purposes.

Inter-Agency Working Groups: Using Network Management for Better Performance

The Administration relies on inter-agency groups to develop certain policies, and to identify and implement ways to better manage Federal resources. The groups meet regularly to initiate action, undertake projects, exchange

information, set priorities, and recommend policy direction.

In 1993, President Clinton established the President's Management Council (PMC), comprising the Chief Operating Officers of the largest Federal departments and agencies, to improve management of the Executive Branch. The PMC has undertaken a number of initiatives, including:

- *Rightsizing:* Leading efforts to reduce the number of Federal civilian employees without unnecessarily disrupting the work force.
- *Procurement reforms:* Identifying performance measures to help agencies assess improvements in the procurement process, and supporting implementation of Electronic Commerce and Performance-Based Service Contracting initiatives.
- *Field office restructuring:* Identifying appropriate criteria for restructuring activities within agencies; and recommending various approaches to restructuring.
- *Overseas missions:* Implementing a cost-sharing process for foreign missions.
- *Labor-Management partnerships:* Supporting partnerships through continuous communication with union leaders; and fostering culture change at all organizational levels.
- *Customer service:* Facilitating the development of customer service standards in agencies and the delivery of Customer Service Reports.

The President's Council on Integrity and Efficiency (PCIE), comprising 27 Presidentially-appointed Inspectors General (IGs) and other key integrity officials, focuses on two main objectives:

- mounting collaborative efforts to address integrity, economy, and effectiveness issues that transcend individual agencies; and
- increasing the professionalism and effectiveness of IG personnel across the Government.

The PCIE, for example, has recommended controls for Federal electronic benefits pro-

grams and reviewed the next generation of Federal Government credit card programs. In addition to setting basic standards for IG investigations, audits, and inspections, the PCIE has confronted new challenges, from implementing the 1993 Government Performance and Results Act to developing the Federal Financial Statement Audit Manual.⁹

A reinvigorated Joint Financial Management Improvement Program (JFMIP) will use added resources to help agencies in financial systems

improvement efforts. In 1999, JFMIP will revise the Federal Supply Schedule for Federal financial systems, and continue to develop systems standards and other guidance documents.

Table IV-5 lists the priorities of several other inter-agency working groups: the National Partnership Council, the CFO Council, the Chief Information Officer (CIO) Council, the Electronic Processes Initiative Committee, the Federal Credit Policy Working Group, and the Federal Procurement Council.

Table IV-5. PRIORITIES OF INTER-AGENCY WORKING GROUPS

National Partnership Council

President Clinton established the National Partnership Council in October 1993 to enlist the Federal labor relations program as an ally in reinvention, and to refocus Federal labor relations from adversarial litigation to cooperative problem solving. Among the NPC's key objectives for 1998 are the following:

- Bring high-level attention to partnership issues to ensure that partnerships are established and working effectively throughout the Federal Government.
- Continue to focus on partnerships experiencing problems and help them overcome barriers.
- Encourage partnerships to address major NPR objectives, such as increasing efficiency, improving service, and reducing cost.

Chief Financial Officers Council

Authorized by the CFOs Act, the CFO Council is a Government-wide body that addresses critical cross-cutting financial issues by working collaboratively. The Council consists of the CFOs and Deputy CFOs of the 24 largest Federal agencies and senior officials of OMB and Treasury. The CFO Council's priorities are:

- Improve financial management systems.
- Effectively implement the Government Performance and Results Act.
- Issue accounting standards and financial statements.
- Develop human resources and CFO organizations.
- Improve the management of receivables.
- Ensure management accountability and control.
- Modernize payments and business methods.
- Improve the administration of Federal assistance programs.

Chief Information Officers Council

The CIO Council's role includes: developing recommendations for information technology management policy, procedures, and standards; identifying opportunities to share information resources; and assessing and addressing the Federal Government's needs for an information technology work force. The Council consists of CIOs and Deputy CIOs from 28 large Federal agencies, two CIOs from small Federal agencies, and representatives from OMB and two information technology boards. The CIO Council's priorities are:

- Define an interoperable Federal information technology architecture.
- Ensure information security practices that protect Government services.
- Lead the Federal year 2000 conversion effort.
- Establish sound capital planning and investment practices.
- Improve the information technology skills of the Federal work force.
- Build relationships through outreach programs with Federal organizations, Congress, industry, and the public.

⁹ For more on PCIE activities, see IGnet (www.ignet.gov).

Table IV-5. PRIORITIES OF INTER-AGENCY WORKING GROUPS—Continued**Electronic Processes Initiative Committee (EPIC)**

The President's Management Council established EPIC to integrate end-to-end business processes electronically, with an emphasis on procurement and finance. EPIC consists of senior officials from DOD, the General Services Administration, Treasury, and OMB. The EPIC priorities are:

- Use a multi-purpose smart card to support reengineering of business and administrative processes.
- Integrate electronic buying and paying processes.
- Efficiently and effectively process intra-governmental transfers that contribute to unqualified financial statements.

Federal Credit Policy Working Group

This inter-agency forum provides advice and assistance to OMB, Treasury, and Justice in formulating and implementing Government-wide credit management policy. Membership consists of representatives from the major credit and debt collection agencies and OMB. The Federal Credit Policy Working Group's priorities are:

- Effective implementation of the Debt Collection Improvement Act.
- Use of the Internet for credit management, especially for lending, underwriting, and portfolio status reporting.
- Sale of loan assets that are over a year delinquent.
- Review agency write-off practices and Government-wide policy.
- Improve prescreening of loan applications to validate eligibility and application data.

Federal Procurement Council

The Federal Procurement Council, which consists of the Senior Procurement Executives from major Federal agencies, meets regularly with OMB to discuss ways to improve the procurement process. The Federal Procurement Council's priorities are:

- Promote agency use of commercial buying practices by increasing the use of performance-based service contracting, past performance in administering current contracts and selecting new contractors, electronic commerce as an enabler, and other innovative buying strategies.
- Promote the Federal procurement work force's use of good business judgment within an adaptable system of flexible rules and procedures that allow professionals, working in a continuous learning environment, to use discretion.
- Collaborate with budget, financial, and information technology management offices to improve agency planning and management of capital asset procurement.
- Promote national socioeconomic procurement policies consistent with fostering the efficiency and effectiveness of the procurement system.
- Promote the use of a globally competitive industrial base, integrating facilities and operations serving the Government market with those serving the commercial market by reducing Government-unique requirements that restrict full integration.
- Increase customer satisfaction by routinely providing quality products and services, on time, and within budget.