

31. IMPROVING PERFORMANCE THROUGH BETTER MANAGEMENT

We made a decision that was profoundly important, that the way Government works matters, that we could not maintain the confidence of the American people and we could not have ideas that delivered unless the Government was functioning in a sensible, modern, and prudent way.

President Clinton
December 1998

In the past two years, the Administration has tackled the Government's biggest management challenges, which are designated Priority Management Objectives (PMOs), through a coordinated, sustained and intensive effort with the agencies to achieve significant improvements in these areas. This year, the Administration is targeting 24 Government-wide and agency-specific management issues for heightened attention (see Table 31-1). Four are new: "Use capital planning and investment control to better manage information technology;" "Streamline and simplify Federal grants management;" "Align human resources to support agency goals;" and, "Capitalize on Federal energy efficiency."

Last year, the Administration successfully advanced several of our management goals (which therefore are no longer on the PMO list). In particular, the Administration resolved its first and foremost management objective, "Manage the year 2000 (Y2K) computer problem" with impressive results. Y2K posed the single largest technology management challenge in history. The Federal Government's acknowledged success through the date change was the direct result of the commitment, long hours, and exceptional efforts of Federal employees in every agency. Due largely to the efforts of these employees and the leadership provided by the President's Council on Year 2000 Conversion, the Federal Government's Y2K efforts were, beyond all expectation, remarkably trouble-free. Under the direction of the President's Council, the Federal Government also worked with the private sector, State, and local governments,

and international organizations to raise awareness and encourage work on the problem. Again, the results were uniformly acclaimed. In the Spring of 2000, the Conversion Council will prepare a final report which will include lessons learned from this challenge.

Two other objectives were successfully accomplished in 1999. First, to meet the goal "Better manage real property," the General Services Administration developed a draft legislative proposal to increase agency incentives to dispose of unneeded real property—making it available for more productive public or private use, in turn providing resources for agencies to fund needed capital investments. Second, to "Improve management of the decennial census," the Bureau of the Census in the Department of Commerce established and tested the necessary support structure—which includes opening data capture centers, regional census offices, and local census offices, printing forms, establishing a telephone questionnaire assistance program, printing language assistance guides, and recruiting and training temporary census workers—and it is now ready for operation. Finally, in 1999, all agencies identified activities performed by Federal employees that could be opened to competition potentially resulting in contracts with either private firms or with a more efficient public sector operation. Since such competitive reviews are an important element of the effort to "Revolutionize DOD business affairs," the objective "Use competition to improve operations" has been incorporated into the Department of Defense (DOD) objective.

Table 31-1. Priority Management Objectives**Strengthening Government-Wide Management**

1. Use performance information to improve program management and budget decision-making.
2. Improve financial management information.
3. Use capital planning and investment control to better manage information technology.
4. Provide for computer security and protect critical information infrastructure.
5. Strengthen statistical programs.
6. Implement acquisition reforms.
7. Implement electronic Government initiatives.
8. Better manage Federal financial portfolios.
9. Align Federal human resources to support agency goals.
10. Verify that the right person is getting the right benefit.
11. Streamline and simplify Federal grants management.
12. Capitalize on Federal energy efficiency.

Improving Program Implementation

13. Modernize student aid delivery.
14. Improve DOE program and contract management.
15. Strengthen HCFA's management capacity.
16. Implement HUD reform.
17. Reform management of Indian trust funds.
18. Implement FAA management reforms.
19. Implement IRS reforms.
20. Streamline SSA's disability claims process.
21. Revolutionize DOD business affairs.
22. Manage risks in building the International Space Station.
23. Improve security and management of overseas presence.
24. Reengineer the naturalization process and reduce the citizenship application backlog.

The PMOs are coordinated by OMB with assistance from the National Partnership for Reinventing Government (NPR) and the inter-agency working groups, thus assuring senior management attention. Managers in the agencies have the primary responsibility to achieve the agreed-upon objectives—they must effectively implement detailed action plans to ensure that they make progress toward meeting their goals. Periodic reporting and review provide an opportunity for corrective action as necessary throughout the year.

Strengthening Government-wide Management

1. Use performance information to improve program management and budget decision-making: The Government Performance and Results Act (GPRA) requires agencies to meas-

ure performance and results—not just funding levels—so that we can better track what taxpayers are getting for their dollars. Agencies are not only working to develop and use performance measures in program management but also are working to integrate this information into budget and resource allocations, so that we can better determine the cost of achieving goals. The task is not simple. The agencies must define their specific goals, determine the proper level of resources, assess which programs are working, and fix those that are not. Progress will depend on GPRA becoming more than a paper exercise. Over the next year, OMB will work with all agencies to better integrate planning and budgeting and systematically associate costs with programs.

2. Improve financial management information: Just a decade ago, the Federal Government lagged far behind private industry in its ability to offer assurances of financial integrity. The Administration recognized and immediately began to address this weakness. Today, Government agencies have a strong financial management infrastructure supported by a comprehensive set of Federal financial accounting standards. Chief Financial Officers (CFOs) in the 24 largest Federal agencies integrate financial management agency-wide and produce annual audited financial statements. As validation of our progress, in October 1999, the American Institute of Certified Public Accountants recognized Federal Accounting Standards Advisory Board statements as “generally accepted accounting principles” (GAAP). This independent acknowledgment by the internationally recognized organization that designates GAAP standard-setting bodies marks a significant milestone in improving public confidence in Federal financial management. Also, in 1999, 12 of 24 CFO agencies received clean opinions on their 1998 statements, double the number of clean opinions received in 1996 and in sharp contrast to 1993 when agencies did not routinely issue financial statements. In 1999, the Federal Government also issued its second audited Government-wide financial statement. Auditors noted specific accounting difficulties at DOD, and the complexity of identifying and reporting transactions between Federal Government entities (intra-Governmental transactions). DOD has invested significant contractor support resources to address its problems, and OMB, the Treasury Department, and the General Accounting Office are working with the CFOs to develop short- and long-term solutions to the intra-Governmental transactions issue. Almost all

agencies also face the daunting task of upgrading or replacing financial management systems to provide the accurate, timely, and useful information that is the cornerstone of both financial integrity and performance measurement.

3. Use capital planning and investment control to better manage information technology: The Government spends in excess of \$38 billion each year on information technology, and this number will continue to grow as virtually all functions of Government take advantage of efficiencies provided by information technology (IT). Well selected, controlled, and managed IT projects can ensure that agencies fulfill their missions with the lowest costs and greatest benefit to the American people. The Administration will issue general guidance and will work with agencies on specific systems to ensure that IT capital planning is integrated with agency budget, acquisition, financial management, and strategic planning processes, and that agencies properly assess benefits, risks, performance goals and accomplishments of their IT portfolios. Chapter 22 of *Analytical Perspectives* highlights program performance benefits from major IT investments throughout the Federal Government.

4. Provide for computer security and protect critical information infrastructure: Protecting information systems that the Federal Government depends on and that are critical to the economy is growing in importance as society’s use of technology and reliance on interconnected computer systems increases. The Y2K remediation underscores the fact that, along with increased productivity and efficiency of system interconnections, there comes increased risk. However, if the risks are identified and addressed in light of secu-

Table 31-2. CFO Agency Financial Statement Performance Goals

Financial Statements	1998 Actual	Estimate		
		1999	2000	2001
Audits Completed	24	24	24	24
Agencies with Unqualified Opinion	12	18	21	22
Agencies with Unqualified and Timely Opinion	7	16	21	22

rity issues, they are manageable. Such risk management requires that we incorporate security into the architecture of each system, promote security controls that support agency business operations, and ensure that security funding is built into life-cycle budgets for information systems. Protecting Government information systems is a key component of the broader imperative to protect the Nation's critical infrastructure—namely such vital assets as banking and finance, transportation, energy, or water, whose incapacity would

have a debilitating effect on national security, national economic security, or national public health and safety. Each Federal agency has the responsibility to protect its own critical infrastructures and ensure its ability to provide essential services to the public. In addition, because most of the Nation's critical infrastructures are owned and operated by the private sector, Government agencies must follow the Y2K example in reaching out to private industry to assist and encourage sensible infrastructure protection efforts.

Protecting Personal Privacy

As information technology transforms our Government and our economy, a growing challenge is how to gain the benefits from the new technology while preserving one of our oldest values—privacy. In the online world, the Administration has encouraged self-regulatory efforts by industry. For especially sensitive information—such as medical, financial, and children's online records—legal protections are required. To coordinate privacy policy, the Administration created the position of Chief Counselor for Privacy within OMB's Office of Information and Regulatory Affairs.

This year has seen historic progress:

- In the online world, under steady prodding by the Administration, the portion of commercial websites with privacy policies rose from 15 percent to over 65 percent from 1998 to 1999. A public workshop last fall challenged industry to address concerns about "online profiling," in which companies collect data, in ways few people would suspect, about individuals surfing the Internet.
- When children go online, parents should give their consent before companies gather personal information. Websites aimed at children must get such consent under the Children's Online Privacy Protection Act of 1998 and rules issued last year.
- In new regulations, the Administration has emphasized its full support for the use of strong encryption to provide privacy and security to law-abiding citizens in the digital age. Continuing programs to strengthen Government computer security also provide new privacy safeguards for personal information held by the Government.

Progress on privacy will continue:

- For medical records, this year will see historic, final rules that will legally guarantee key privacy protections: notice of data uses; consent before records are used for non-medical purposes; patient access to records; proper security; and, effective enforcement. The Administration will continue to support legislation that would include broader scope and enforcement authority.
- The financial modernization bill signed by the President in November 1999 included important privacy protections. Notably, consumers will have an absolute right to know if their financial institution intends to share or sell their personal financial data, as well as the right to block sharing or sale outside the institution's corporate family. Last year, the Administration will seek further protections for consumers in financial information, including choice about sharing within a corporate family.
- The Federal Government will continue to build privacy protections into its own activities. Last year, for instance, all Federal agencies successfully posted clear privacy policies on their websites. This year, among other initiatives, the Administration plans to make "privacy impact assessments" a regular part of the development of new Government computer systems.

5. *Strengthen Statistical Programs:* The Government spends more than \$3 billion each year to produce statistical measures for decision makers in both the public and private sectors. These data are used for everything from monitoring the Nation's progress in the dynamic global economy, to spotting important trends in public health, to projecting the impact of future demographic shifts on the Social Security System. In 1999, the Administration: (1) actively supported House passage of a bill to permit limited sharing of confidential data among selected agencies solely for statistical purposes; (2) significantly enhanced FedStats (www.fedstats.gov) services; and (3) published innovative inter-agency thematic reports, including *America's Children: Key National Indicators of Well-Being and Health, United States*. The Administration will now seek Senate passage of the legislation for statistical data sharing, begin use of the recently revised Standard Occupational Classification, publish a new thematic report on statistics related to the aging population, and continue the phased implementation of the American Community Survey to provide comparable demographic, economic, and housing data for small geographic areas for use in distributing nearly \$200 billion annually. In 2001, the Administration will work to improve the measurement of income and poverty; address key education, health, and welfare data needs; and, strengthen measures of capital equipment, services expenditures, and E-business.

6. *Implement acquisition reforms:* The Federal Government is the Nation's largest buyer of goods and services, purchasing roughly \$200 billion each year. In the past seven years, the Congress and the Administration have implemented numerous acquisition reforms to streamline the buying process and maximize the Government's buying power. For example, agencies are using credit cards for small dollar purchases instead of processing paper purchase orders to save administrative expense and time. In 1999, the Government met its goal of using credit cards for 60 percent of all purchases below \$2,500. For 2000, the goal was increased to 80 percent, and all agencies are on track to meet this goal. Agencies are also selecting contractors based on past performance to

save money and get better results. In 1999, 15 agencies established and are using contractor performance evaluation systems to select high-performing contractors. In 2000, all major agencies will have evaluation systems in place. Further, to obtain desired performance and reduce cost overruns and schedule slippages on the annual expenditure of \$70 billion for capital assets (e.g., buildings, satellites, information technology), agencies are implementing a rigorous capital programming process. Finally, agencies are being encouraged to use performance-based service contracts which improve performance and reduce price by describing desired outcomes in measurable terms while leaving the "how" to the contractors' ingenuity.

7. *Implement electronic Government initiatives:* New information technologies can make Government easier to use. In December 1999, the President articulated a vision for electronic Government. The Administration will pursue three related strategies to increase access to Government information, ensure privacy and security, increase agency use of automation to transact services, and adopt cross-cutting electronic Government initiatives. First, citizens, businesses, and governments need to trust that when they communicate electronically as part of a Federal activity, their messages will be safe from interference and fraud. By December 2000, agencies will issue at least 100,000 secure digital signatures to individuals to enable them to exchange information with the Government in a private and tamper-proof manner. Second, the Federal Government will develop a new clearinghouse for Government information on the Web to demonstrate how common standards can dramatically improve access to government information at far less cost than current approaches. And third, agencies will create new computer applications to allow citizens to transact more government services electronically, beginning with the 500 most common Government services and forms.

8. *Better manage Federal financial portfolios:* The Federal Government currently underwrites more than \$1 trillion in loans, primarily to students, homebuyers, and small businesses. The Government can better serve these customers and at the same time protect its interest in obtaining efficient and timely

repayment. At the end of 1998, \$60 billion of this Federal portfolio was delinquent—an increase of \$8 billion from 1997. However, as the Department of the Treasury implements its new statutory authorities under the Debt Collection Improvement Act, collections are beginning to increase. For example, in 1999, Treasury collected \$2 billion through “offsets” of tax refunds and other payments—with more than \$1 billion representing delinquent child support obligations. In addition, the Department of Justice collected more than \$1 billion of delinquent debt through its litigation program. In 2000, agencies should increase collections and further reduce delinquencies by full implementation of the Treasury debt collection offset and cross-servicing tools, by increasing loan sales for delinquent debt, and by writing-off uncollectible debt.

9. Align Federal human resources to support agency goals: Recognizing that people are critical to achieving results Americans care about, the Administration will undertake a strategic approach to human resources management. First, the Office of Personnel Management (OPM) will help agencies strategically assess their human resources to ensure a quality Federal work force in the 21st Century. Among other things, in 2000, OPM will complete the design of a prototype work force planning model that will allow line managers to analyze their current work force and prepare “what-if” scenarios under a variety of recruitment, restructuring, or mission change models. Second, OPM will work with agencies to ensure labor-management initiatives to empower executives, line managers, and especially employees to improve customer service and get mission results. Third, OPM will encourage agencies to make better use of flexibilities in existing human resource policies, systems, and available tools. OPM will also submit legislative proposals, where necessary, consistent with these human resource management strategies.

10. Verify that the right person is getting the right benefit: The Administration will expand its focus on ensuring that administrative and program payments are made correctly and on time. The Government-wide strategy is first and foremost to make payments correctly up-front and, secondly, to measure the extent of improper payments through

the annual financial and performance reporting process. The strategy also calls for strong privacy and security protections in carrying out these goals. In 2000, OMB will issue guidance to agencies to ensure that the right person is getting the right benefit, including, for example, principles for authenticating identity, keeping address information up-to-date, and verifying eligibility criteria. The Administration will also assist Federal agencies in estimating the extent of, and addressing the underlying causes of, improper payments. The Administration will work with the Congress where legislation is needed to provide agencies the ability to share information within the framework of the Privacy Act and Computer Security Act.

11. Streamline and simplify Federal grants management: The Administration will work to make it easier for State, local, and tribal governments and nonprofit organizations to apply for and, as recipients, report their progress on Federal grants. The inter-agency Electronic Grants Committee and their Federal Commons initiative will be central to a Government-wide effort to use electronic processing in the administration of agencies’ grant programs. OMB and the agencies are also working to develop common applications and reporting systems for grant programs, including consolidation of payment systems. We will also identify statutory impediments to grants simplification and encourage flexible legislation, like the Workforce Investment Act, which allows Federal agencies to streamline the delivery of grants.

12. Capitalize on Federal energy efficiency: The Federal Government is the largest single consumer of energy in the world. Every year, the Government spends more than \$4 billion to heat, cool, and power 500,000 Federal buildings. With this distinction comes the opportunity to save energy, save taxpayers dollars, and protect the environment from harmful greenhouse gases. Under the leadership of this Administration, the agencies have already cut their energy use 17 percent from 1985 levels. In 1999, the President issued E.O. 13123, Greening the Government through Energy Efficient Management, setting tough new goals for energy efficiency and giving agencies the tools they need to achieve those goals. In 2000, agencies will take

steps to markedly improve energy efficiency by maximizing use of contracting tools, such as energy savings performance contracting; purchasing energy efficient office products; taking advantage of cost-effective renewable technologies and power from clean (or “green”) sources; and, using sustainable designs for new Federal construction. By 2010, agencies will cut energy use by 35 percent and reduce greenhouse gas emissions by 30 percent—saving taxpayers over \$750 million a year.

Improving program implementation

13. Modernize student financial aid delivery: The Higher Education Amendments of 1998 created the Government’s first performance-based organization in the Department of Education’s Office of Student Financial Assistance (OSFA) to significantly improve the annual delivery of \$50 billion in financial assistance to nearly nine million students. In 1999, the new results-oriented organization hired a chief operating officer, assessed customer needs, developed a systems modernization blueprint, issued a five-year performance plan, and reorganized the staff into three service-oriented channels for students, schools and financial institutions. It successfully field tested its application software with ten schools and multiple Federal agencies in the first phase of its pilot program. In 2000 and 2001, working with other agencies, schools, students, and the commercial banking industry, OSFA will focus on implementing critical areas of the systems modernization plan, completing the personnel reorganization, expanding electronic access to benefits and services, and simplifying data exchanges with partners and customers.

14. Improve Department of Energy (DOE) program and contract management: Because more than 90 percent of DOE’s budget is spent through large, long-term management contracts, good acquisition planning and better project management after contract award are essential. For example, DOE contracts with universities and other organizations to operate and maintain facilities to clean up nuclear material and waste sites, and with private sector firms to design, build, and operate treatment, storage, and disposal facilities. The Administration is emphasizing more cost-

efficient, performance-based, fixed-price contracts over reliance on cost reimbursement contracts, which have few incentives for contractors to adhere to cost, schedule, and performance goals. In 1999, DOE increased the number of contracts it competed and added performance measures and incentives to others. It also created a high-level project management office to track and review all projects valued at \$20 million or more; those that cannot meet cost, schedule or performance goals will be placed on a “Watch List” to be monitored more closely by the Deputy Secretary. In 2001, DOE will award 70 percent of its support service requirements as performance based service contracts. By 2003, two-thirds of DOE’s facility maintenance contracts will have been awarded competitively.

15. Strengthen the Health Care Financing Administration’s (HCFA’s) management capacity: HCFA faces the formidable challenge to modernize and operate as a prudent purchaser of health care in the fast-changing health care marketplace, while also, and perhaps most important, increasing accountability to its customers. The initiative has five components: (1) management flexibilities (e.g., evaluation of personnel needs and flexibilities); (2) increased accountability to constituencies (e.g., creation of an outside advisory committee); (3) program flexibilities (e.g., new authorities and greater use of existing authorities to pay for services at market rates, enter into selective contracts, and engage in competitive bidding); (4) structural reforms (e.g., reengineering relationship between HCFA’s central and regional offices and between HCFA and HHS); and, (5) contracting reform (e.g., promoting competition in Medicare claims processing, improving contractor oversight). In 1999, HCFA established a Management Advisory Committee, which will include individuals with a wide range of private sector, public sector, and academic experience. The bipartisan committee will begin meeting in 2000 to provide guidance on ways to improve HCFA’s management, performance, and accountability. HCFA is also in the process of assessing its current and ideal workforce skills mix, and developing and validating a long-term human resources strategic plan. HCFA drafted and sent to

Congress its contracting reform legislative proposal, which is designed to introduce competition into the Medicare contracting environment and allow HCFA to select contractors from a wider pool. The President's 2001 Budget includes a new contractor oversight initiative to ensure that contractors have appropriate controls in place. Other areas of focus for 2000 and 2001 include improving communications and coordination between HCFA central and regional offices and HHS, and developing strategies for making better use of HCFA's vast data resources.

16. Implement Department of Housing and Urban Development (HUD) reform: In the mid-1990s, chronic problems at HUD led some to consider abolishing the Department. Congress, the General Accounting Office, and private agencies criticized the agency as unresponsive, having too much red tape and little accountability, and plagued with unreliable data and various systems that could not communicate with one another. HUD's comprehensive reforms, begun in June 1997, are designed to realign agency operations for results, including assuring that HUD-subsidized tenants live in safe and well-managed housing. To date, HUD has downsized staff to 60 percent of 1980 levels, and clarified the mission of each employee; surveyed every public and HUD-assisted multifamily project and advised owners of any documented deficiencies; cleaned up much of the data in existing management and financial systems, integrating many of the disparate systems where possible; and begun to monitor subsidized tenants' eligibility and the correct amount of tenant rental payments through cross checks with Social Security and other data bases. By the end of 2001, HUD will reduce the share of public and assisted housing with severe physical deficiencies by 10 percentage points, reduce the share of units managed by poorly performing public housing agencies by five percentage points, and will promptly complete most enforcement actions on troubled privately owned subsidized housing within 120 days of referral. HUD will begin surveying its customers (e.g., Mayors, local HUD partners, public housing residents and other customers) to determine how well HUD is doing and advise HUD on where to improve. In 2000, HUD will

save \$200 million in overpayments of HUD rental and operating subsidies by cross checking with Social Security and other data bases for tenant income levels which determine both eligibility and tenants' rent levels.

17. Reform management of Indian trust funds: The Department of the Interior (DOI) is responsible for managing about \$3 billion of funds that the Federal Government holds in trust for Indian tribes and individual American Indians, as well as the underlying land, timber, and mineral assets from which these funds are derived. At the end of 1999, nearly all of the roughly 300,000 financial account jacket files managed by DOI for individual Indians had been cleaned up and 45 percent of these were successfully converted to a commercial grade accounting system. This effort is on track to meet the goal of converting all remaining accounts by May 2000. All Tribal accounts have been managed in a commercial grade system since 1995. In June 1999, DOI began piloting its Trust Asset and Accounting Management System in Billings, Montana, which will provide DOI field staff with the tools needed to properly manage tribal and individual Indians' land and natural resources. At this pilot site, trust asset data has been converted to the new system and the results are being evaluated. The current goal is to convert the remaining 213 sites to the new commercial system by December 2001. While initial success in DOI's Indian Land Consolidation pilot program will help sustain these management improvements by easing the paperwork burden of administering trust fund accounts, enactment of legislation to make this consolidation effort permanent is vitally important.

18. Implement Federal Aviation Administration (FAA) management reforms: The safety of the flying public depends upon the FAA—its air traffic controllers, safety and security inspectors, and information technology. There are three major management reform initiatives which will help the FAA improve its use of technology and prepare for future challenges: acquisition; financial; and, personnel reform. With respect to acquisition reform, FAA is in the process of implementing an effective, systematic process for selecting, controlling, and managing capital investments. On the financial reform side, the FAA con-

tinues to implement phases of a cost-accounting system which, when fully utilized, will provide information to both itself and its users about the value of the FAA's services and allow the agency to operate more like a business. Finally, the FAA continues to evaluate the success of its personnel reform efforts. In 2000, the FAA will link pay scales to market rates and implement a system which ties pay to the achievement of individual and agency performance targets. The agency will use its existing legislative authority to create a performance-based organization for Air Traffic Control (ATC) services; while the Administration calls upon Congress to provide the additional authority it needs to operate ATC as a business.

19. Implement IRS reforms: The IRS is modernizing its technology and organizational structure, in part as mandated by the IRS Restructuring and Reform Act of 1998, in order to ensure the fairness of tax administration and improve the IRS's customer service, productivity, and financial management. By the end of 2001, the IRS will be restructured around four major customer groups with similar filing and compliance characteristics (i.e., those with only wage and investment income, small businesses and self employed, large and mid-sized businesses, and tax exempt and government entities). Over time, this will enable the IRS to tailor staff expertise, services, and enforcement techniques to specific taxpayer groups. This will be the most significant restructuring of the IRS's organization and work practices since 1952. The IRS is also undertaking a technology modernization program which is designed to replace the IRS's 1960s era core databases with modern systems. This will enable significant improvements in technology support to customer service and compliance employees. It will also prepare the IRS for the wholesale transition to electronic filing and data exchange. The IRS is also implementing a series of initiatives to provide immediate customer service improvements. For example, it has expanded the hours when toll-free assistance is offered, set up four local citizen advocacy panels to ensure taxpayer input to local IRS officials, offered new electronic filing and payment options, and strengthened its taxpayer advocate service (which gives

taxpayers an option outside of normal IRS processes to resolve difficult issues). Its electronic filing system earned a 74 American Consumer Satisfaction Index (ACSI) score, placing it above the average customer satisfaction score for private sector services. During 2000, the IRS will build on these efforts with new initiatives directed at improving the responsiveness of customer service representatives, expanding Spanish language toll-free assistance, and enhancing outreach to new small businesses to help them better understand and meet their tax obligations.

20. Streamline the Social Security Administration's (SSA's) disability claims process: SSA is in the midst of a multi-year project to improve service delivery for the millions of individuals filing for, or appealing decisions on, claims for disability benefits. To increase accuracy and consistency in decision-making, the agency has provided all of its adjudicators uniform training and instructions clarifying complex policy areas, as well as instituting an improved quality assurance process. SSA is also testing a redesigned disability claims process on a prototype basis in 10 States. The new process will eliminate repetitive steps and increase claimant interaction with SSA at both the initial claim and hearing levels. If the prototype proves successful at providing claimants with the correct decision earlier in the process, nationwide implementation will occur beginning in 2002. Finally, management improvements scheduled to be fully implemented at the Office of Hearings and Appeals in 2001 are expected to reduce hearing processing times from an average of 316 days in 1999 to 208 days in 2002. The combined effect of all of these changes will be to improve the accuracy of initial decisions and provide a quicker and more user-friendly process for those claimants who pursue appeals.

21. Revolutionize DOD business affairs: Following the end of the Cold War, the United States began a major reduction in military forces. DOD's cuts in infrastructure costs, however, have not kept pace. To make further cuts, DOD plans to change the way it does business. The 1997 Defense Reform Initiative provided a strategic blueprint of how to adopt better business processes, pursue commercial alternatives, consolidate redundant

functions, and streamline organizations. Since the Defense Reform Initiative report, significant effort and progress has been made. Examples include:

- Competition forces organizations to improve quality, reduce costs, and focus on customers' needs. DOD employees perform many commercial activities which could benefit from competitive bidding. DOD expects its competitive sourcing process will save approximately \$11.2 billion from 1997 to 2005. These savings are reallocated to other defense priorities, including force modernization throughout the 2001–2005 period.
- The vast majority of official purchases are made with a special credit card—rather than wasting time and money writing a paper contract. From just less than 800,000 purchases made with the purchase card in 1994 to 7.5 million during 1998, the card truly has become the preferred method of obtaining goods and services costing less than \$2,500.
- Today, paper is still part of DOD's business systems and culture. The Department's goal is to make all contracting (i.e., weapons systems, spare parts, and installation level maintenance) paperless by 2001. Sixty-seven percent of the Department's transactions are currently paperless and the Department is well on its way to achieving its goal of 90 percent in the year 2000.
- In 1991, DOD was operating 324 separate finance and accounting systems. Through the summer of 1999, that number dropped to 102 systems; a 69-percent decrease. By 2003, the Department expects to reduce the number of systems to 32, representing the largest financial system overhaul ever undertaken by DOD.

22. Manage risks in building the International Space Station: The United States has the lead role in building the International Space Station, one of the most complex international projects ever undertaken in peacetime. The recent trend of annual budget growth has been curbed in the 2001 budget—a major success—but NASA must continue to manage the risks of completing assembly

and reduce the potential for future cost growth. In 1999, the first elements of the Space Station had a year of successful in-orbit operation, and the program made good progress, albeit slower than planned, in preparing many other key elements for launch. The year 2000 is critical for the Space Station—with plans for the beginning of permanent human presence in space, and the initiation of research aboard the orbiting laboratory. The program also continues the transition from development activities to orbital operations and research. The program will control cost growth by balancing requirements within available resources, and will continue to address cost and schedule performance problems in its key contracts, strengthen contract management and cost controls, and further reduce risks from potential Russian shortfalls.

23. Improve security and management of overseas presence: Since the end of the Cold War, the world's political, economic, and technological landscape has changed dramatically, but our country's overseas presence has not adequately adjusted to this new reality. Thirty Federal agencies now operate internationally, yet the condition of U.S. posts and missions abroad is unacceptable. In 1999, in the aftermath of the African embassy bombings, the Administration formed the Overseas Presence Advisory Panel to consider the future of our Nation's overseas representation, to appraise its condition, and to develop recommendations on how best to organize and manage our overseas posts. In 2000, the Administration will be working to ensure the thorough review and implementation, as appropriate, of the Panel's recommendations, including an examination of the U.S. Government's overseas needs and the current structure of financing and management for overseas facilities. We will also assess the need for additional security enhancements, including physical security upgrades, sound capital planning for the construction of new diplomatic and consular facilities, and begin to move toward a common information technology platform for all of our agencies abroad.

24. Reengineer the naturalization process and reduce the citizenship application backlog: Immigration and Naturalization Service (INS)

is reengineering the naturalization process to streamline and automate operations, while simultaneously reducing a backlog of more than 1.8 million applications for citizenship. In 1999, INS reduced the backlog by more than 500,000 applications and the average processing time between application and naturalization of qualified candidates has been reduced from 27 months in 1998 to 12 months in 1999. The goal is to reduce processing time to six months by the end of 2000.

Using Inter-Agency Groups to Get the Job Done

To achieve the Administration's goal of making fundamental change in the operations of Government, inter-agency groups have been used extensively to lead crosscutting efforts. These groups draw together operational, financial, procurement, integrity, labor-relations, and systems technology experts from across the Government. The groups establish Government-wide goals in their areas of expertise, and they marshal the resources within individual agencies to meet these goals. Several of these groups were formed for the first time by this Administration, including the National Partnership for Reinventing Government, the President's Management Council, and the National Partnership Council (see Table 31-3).

The National Partnership for Reinventing Government (NPR): President Clinton created the NPR in March 1993 to create a Government that works better, costs less, and gets results Americans care about. He asked Vice President Gore to lead this inter-agency task force. In 2000, NPR will continue its work to make agencies that have the most contact with the public to be more performance-based, results-oriented, and customer-driven. In doing this, NPR will partner with agencies to achieve the following outcomes:

- Customer satisfaction with Federal services equal to or better than the business services sector, as measured by the ACSI.
- An infrastructure to enable Americans to have access to all Government information and be able to conduct all major service transactions on line by 2003.

NPR will also work with local and State governments and the private sector to:

- achieve dramatic reductions in gun violence;
- help States achieve their goals of universal health insurance for children; and,
- provide all Americans a seamless learning and employment system to get the job skills they need to be successful in the 21st Century.

More information on NPR is available at its website, www.npr.gov.

The President's Management Council (PMC): The PMC consists of the Chief Operating Officers of all Federal departments and the largest agencies. The PMC provides leadership for the most important Government-wide reforms. Council priorities include: supporting labor-management partnerships; leading GPR implementation; identifying criteria and recommending methods for agency restructuring; supporting electronic commerce and performance-based contracting; facilitating development of customer service standards; and, improving Federal energy efficiency.

The National Partnership Council (NPC): President Clinton established the NPC in October 1993 to enlist the Federal labor unions as allies to reinvention and to shift Federal labor relations from adversarial litigation to cooperative problem solving. Members of the NPC include: representatives of Federal employee unions and Federal managers and supervisors; the Federal Mediation and Conciliation Service; the Federal Labor Relations Authority; the Office of Personnel Management; OMB; DOD; and the Department of Labor. In 1999, the Council continued to sponsor training conferences aimed at helping unions and agencies build the skills they need to establish effective and successful partnerships. The Council also sponsored a major research project involving eight Federal agencies to study the connection between labor-management partnership and bottom-line improvements in agency performance. In 2001, the Council will continue to build on the findings of its research project and, through its training programs, focus on strategies that will both stimulate best practices and overcome barriers to partnership. More

information on the NPC can be found on its website, www.opm.gov/npc.

Table 31-3. Major Inter-Agency Groups

Council Names/Membership	Recent Activities/Future Priorities
<p>Chief Financial Officers (CFO) Council: The CFOs and Deputy CFOs of the 24 largest Federal agencies and senior officials from OMB and Treasury. The Council, through its Committees, addresses such issues as financial statements and standards; financial systems; grants; human resources; debt management; and entrepreneurial Government. http://www.financenet.gov</p>	<p>Significant accomplishments include: a steady increase in the number of CFO Act agencies receiving clean opinions on their financial statements; timely issuance of the Government-wide audited financial statements for the second year in a row; the establishment of a Program Management Office under the Joint Financial Management Improvement Program to develop financial systems requirements and testing vehicles; and the development of qualification and classification standards for certain Federal financial positions based on core competencies and, the completion of a comprehensive review of the Franchise Fund pilot program.</p> <p>In 2000 and beyond, the Council intends to build on these accomplishments, continuing to seek clean audit opinions on agency, department and Government-wide financial statements; improvements in security and proficiency of financial management systems; and improvement in professional education and development of the Federal financial workforce. The Council also will support Administration efforts to seek permanence for the Franchise Fund pilot program.</p>
<p>Chief Information Officers (CIO) Council: The CIOs and Deputy CIOs for 28 major Federal agencies, two CIOs from small Federal agencies, senior officials from OMB and representatives from two information technology boards. The CIO Council develops recommendations for information technology management policy, procedures, and standards; identifies opportunities to share information resources; and assesses the Federal Government's needs for an information technology work force. http://cio.gov</p>	<p>In 1999, Council accomplishments included the successful transition of Federal systems to year 2000; improved capital planning capabilities; efforts to further enterprise interoperability; pilots to implement work force core competencies; and, increased security awareness.</p> <p>In 2000, the Council intends to build on its progress promoting infrastructure to provide common access solutions; expand and explore opportunities for increased interaction and outreach with the worldwide IT community to disseminate and share information; support service delivery by working on security and privacy approaches that advance appropriate information access, exchanges, and protection, and support electronic commerce; develop and implement strategies for recruitment, retention, and development of IT professionals; and, promote the effective integration of IT management with agencies' missions and processes.</p>

Table 31-3. Major Inter-Agency Groups—Continued

Council Names/Membership	Recent Activities/Future Priorities
<p>President's Council on Integrity and Efficiency (PCIE): The Presidentially appointed Inspectors General (IGs), senior officials from OMB, and other key integrity officials.</p>	<p>1999 accomplishments include: identification of billions of dollars of Federal funds that could be reallocated to better use by Government managers; investigations resulting in successful prosecutions of thousands of wrongdoers; investigative and civil recoveries of more than \$1 billion; and, disqualification of thousands of unscrupulous businesses or individuals from receiving Government contracts or participating in Government programs. The IG's also collaborated on efforts to address emerging issues with systems security, to enhance financial management practices to enable clean opinions of audited agency financial statements, to continue to foster GPRA principles, bring to successful completion intensive year 2000 activities, and to strengthen and enhance inter-agency training academies for auditors and criminal investigators.</p>
<p>Executive Council on Integrity and Efficiency (ECIE): The 30 IGs appointed by agency heads, OMB, and other key integrity officials. http://www.ignet.gov</p>	<p>Priorities for 2000 include developing a strategic plan to focus the Council's efforts on major crosscutting issues to better leverage IG resources across the Government.</p>
<p>Electronic Processes Initiatives Committee (EPIC): Senior policy officials from DOD, GSA, Treasury and OMB. EPIC's role is to further the use of electronic technologies and processes within Government to improve service delivery and program efficiency. http://policyworks.gov/org/main/me/epic/</p>	<p>In 1999, EPIC helped implement the Government's strategic plan for electronic purchasing and payment. EPIC sponsored user groups to help resolve challenges in the implementation of the Government's SmartPay purchase and travel card program. EPIC also continued the development of a card-based approach for processing intra-governmental payments at lower cost.</p> <p>In 2000, EPIC will continue to monitor implementation of the Access America for Students initiative, which provides a one-stop shopping and information site for student loans. EPIC will also sponsor an effort to expand use of the Government's Central Contractor Registration, through which vendors can, in one place, register payment information and other data necessary to do business with the Federal Government.</p>
<p>Federal Credit Policy Working Group (FCPWG): Representatives from the major credit and debt collection agencies and OMB. The FCPWG provides advice and assistance to OMB, Treasury, and Justice in formulating and implementing Government-wide credit policy. http://www.financenet.gov/financenet/fed/fcpwg</p>	<p>In 1999, the FCPWG completed revisions to Government-wide policies to implement the Debt Collection Improvement Act, including a revision to Federal program write-off policy. With the support of the FCPWG, SBA completed its first loan asset sale program and HUD began centralizing its sale program. The GSA portfolio management schedule awarded over 50 contracts for work in asset valuation, due diligence, and loan sales.</p> <p>In 2000, the FCPWG will focus on Internet applications to improve customer access and modernize program financial systems, continue to build a government-wide loan asset sales program, and monitor the implementation of the Debt Collection Improvement Act, in particular referral of debt more than 180 days past due to the Treasury Department for collection.</p>

Table 31-3. Major Inter-Agency Groups—Continued

Council Names/Membership	Recent Activities/Future Priorities
<p>Procurement Executives Council (PEC): Senior procurement executives from major Federal agencies and senior OMB officials. The PEC serves as a forum to improve Federal acquisition by leveraging procurement influence and knowledge.</p>	<p>In 1999, specific accomplishments include: establishing a Government-wide Acquisition Intern Program; developing an inventory of desired skills and attributes of contracting professionals; and, developing draft guides for rotational assignments of contracting officers to industry organizations.</p> <p>By 2001, the PEC intends to improve the intern program; use the inventory of contracting officer skills and the rotational assignment guides to improve training; establish a set of agency acquisition system performance measures; improve small business procedures; and develop a single point on the Web that makes Government solicitations freely available to any interested entity.</p>
<p>Inter-agency Alternative Dispute Resolution Working Group (ADR): The Attorney General, representatives of the heads of all Cabinet Departments, and others with significant interest in Federal dispute resolution. President Clinton established the ADR Working Group in May 1998 to assist Government agencies in making greater use of consensual methods for resolving disputes, including mediation, neutral evaluation, arbitration, and other processes.</p> <p>http://www.financenet.gov/financenet/fed/iadrwg</p>	<p>In 1999, the Working Group conducted more than 50 Government-wide training sessions, meetings, and colloquia to promote and encourage the use of ADR in agencies.</p> <p>In 2000, the ADR Working Group will produce a detailed report on agency success stories, lessons-learned, best practices and recommendations, and it will continue to mentor agencies in the development of ADR programs.</p>
<p>Joint Financial Management Improvement Program (JFMIP): A joint effort of GAO, OMB, Treasury, and OPM, with a rotating representative from another agency. JFMIP was established 50 years ago to encourage and promote government-wide sharing and exchange of information concerning good financial management techniques and practices.</p> <p>http://www.financenet.gov/financenet/fed/jfmip/</p>	<p>In 1999, JFMIP published financial system requirements for Core Financial Management, Human Resources and Payroll, Direct Loans, and Travel, and prepared drafts for Seized Property and Forfeited Assets, Guaranteed Loans, Grants, and Property; established a testing and certification process for commercial off-the-shelf (COTS) software supporting core financial management functions; established a website that supports the testing process, including system requirements, the test, and information on tested and certified qualified COTS software; and issued guidance on core competencies in financial management.</p> <p>2000 priorities are to: prepare financial system requirement publications for financial management systems where publications do not exist or are outdated; continue testing COTS software supporting core financial management functions; offer testing for Federal agency systems that are used to provide core financial servicing for other agencies; incorporate new requirements in the core financial management software test; and share information on financial management systems and best practices through the web-based knowledge base.</p>

Table 31-3. Major Inter-Agency Groups—Continued

Council Names/Membership	Recent Activities/Future Priorities
<p>Small Agency Council (SAC): Principal management officials from 81 agencies with less than 5,000 FTE. The group was chartered to improve management effectiveness through education, exchange of information, self-help, and cooperation. <i>http://www.sac.gov</i></p>	<p>It speaks for the member agencies on a variety of issues and proposals with OMB, OPM, and GSA. It annually sponsors a comprehensive training program open to all member agencies, covering matters of current interest, such as Y2K, preparing annual performance reports, and alternative dispute resolution. In 1999 more than 1,500 attended these sessions.</p>
<p>Human Resources Technology Council (HRTC.) Under the sponsorship of OPM, the HRTC consists of human resources, information technology and Federal financial decision makers. The HRTC operates as a guiding body on government-wide information technology issues affecting personnel and payroll matters. <i>http://www.opm.gov/hrtc</i></p>	<p>In 1999, projects completed include an Official Personnel Folder Data Dictionary, and a Government-wide Human Resources Information Study (now formalized as a JFMIP Financial Systems Standard).</p> <p>In 2000 the HRTC will lead an effort to design and develop a Human Resources Data Network, recommended in the study noted above, which will facilitate the movement, storage and retrieval of HR data on employees, and will eliminate any future need for paper-based official personnel records.</p>