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# Doing What Works

Building a Government That Delivers Greater Value  
and Results to the American People

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John D. Podesta and Reece Rushing February 2010





Center for American Progress



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This publication is a product of CAP's Doing What Works project, which promotes government reform to efficiently allocate scarce resources and achieve greater results for the American people. Doing What Works specifically has three key objectives: (1) eliminating or redesigning misguided spending programs and tax expenditures focused on priority areas such as health care, energy, and education; (2) boosting government productivity by streamlining management and strengthening operations in the areas of human resources, information technology, and procurement; and (3) building a foundation for smarter decision making by enhancing transparency, performance measurement, and evaluation. Doing What Works publications and products can be viewed at [http://www.americanprogress.org/projects/doing\\_what\\_works](http://www.americanprogress.org/projects/doing_what_works).

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# Introduction and summary

*“The question we ask today is not whether our government is too big or too small, but whether it works—whether it helps families find jobs at a decent wage, care they can afford, a retirement that is dignified. Where the answer is yes, we intend to move forward. Where the answer is no, programs will end. And those of us who manage the public’s dollars will be held to account, to spend wisely, reform bad habits, and do our business in the light of day, because only then can we restore the vital trust between a people and their government.”*

– President Barack Obama, Inaugural Address, January 20, 2009

President Obama’s pledge sounds simple—his administration will do what works and operate efficiently and transparently. But it presents a profound challenge. Government currently does a poor job of evaluating program performance. Federal agencies are plagued by bloated management that is neither empowered nor held accountable. And the use of information technologies lacks coordination and vision, impeding greater transparency. This is really a call to transform and modernize government from top to bottom.

Congress must be seen as an essential part of this effort too. Improving performance evaluation matters little if appropriators ignore the results. Nor are we likely to remedy executive branch disorganization if members of Congress cannot work across their own committee silos. Congress and the executive branch need to see themselves as partners in transformation. Both must change and work together in new ways to realize the opportunities in front of us.

Leaders in the private sector and government (including state and local governments and certain federal agencies) have achieved significant gains in recent years by reforming management and decision-making systems. Advances in information technology have enhanced these systems and made possible continuous improvement. Managers and decision makers now have high-value, real-time data and feedback at their finger tips to crystallize problems and design solutions. As a result, decisions are sharper, productivity and quality are greater, and customer needs and input are more readily identified and internalized.

States like Virginia and Washington set high-level outcome-based goals, supported by quantifiable metrics, to guide budgeting and policymaking. Cities across the country have

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adopted Baltimore's "CitiStat" system for spotlighting problems and boosting service delivery. Lean management techniques and a data-driven approach called "Six Sigma" have swept the manufacturing industry to reduce overhead and deliver near perfect quality and reliability. And other computerized systems are used to determine optimal price, experiment with different strategies, and promote interactivity. Microsoft and Google, for example, are tapping wikis and prediction markets to encourage employees to share information with company decision-makers.

Adopting similar reforms across the federal government would produce billions of dollars in savings and help us meet crucial national priorities in areas such as health care, energy, and education. The Center for American Progress is launching a new project, called "Doing What Works," which we hope will help realize this vision. If successful, the executive branch and Congress will embrace this new model for government and put in place substantial elements of our agenda by the end of President Obama's first term of office. Specifically, we will press elected officials and federal agency leaders and managers to:

- **Challenge the status quo.** We must find the political will—and change the way we make decisions—to eliminate or reform misguided spending programs and tax expenditures. This project will give particular attention to CAP priorities, including health care, energy, and education, precisely because of our commitment to these areas. Money ill spent is money diverted from smart investments to deliver affordable health insurance, ensure quality schools and teachers, and build a cleaner, more secure energy future.
- **Measure what works.** It is one thing to call for the elimination or reform of misguided programs in the abstract. But how do we know what works and what doesn't? We need a stronger system of performance measurement and evaluation to guide policy and management choices. Particular focus should be given to what matters most—our top goals—and programs or areas that stand the best chance of delivering large savings and the greatest impact.
- **Experiment and innovate.** Behavioral economics teaches us that even small differences in approach can produce vastly different results. Performance measurement and evaluation ideally should be used to conduct ongoing experiments to test different approaches and apply the lessons. State and local governments provide a unique opportunity in this respect. They could be given flexibility to experiment and innovate in exchange for adopting universal methods of measurement that would reveal top-performing approaches.
- **Coordinate and consolidate.** Federal programs often perform similar functions, serve the same people, or have resources that could help other programs achieve better results. These programs would benefit from closer coordination and in some cases consolidation. Yet executive branch agencies and programs frequently exist in their own separate silos, with little communication between them. Reform of the budget process could help break down these silos and bring together similar programs to cut redundancies and find synergies.

- **Enlist the public.** New information technologies provide government the opportunity to engage and interact with the public as never before. Thousands of extra eyes can be employed to spot problems, offer solutions, and bring fresh perspective. The public is ready for this role, but there must be tools to enlist them in evaluating performance and providing input into the decision-making process.
- **Be ready to execute.** Even the best policies can be sabotaged by operational problems, which are widespread among federal agencies. Thousands of political appointments tie management in knots and deprive talented civil servants of leadership positions. Outdated information technology impedes information sharing across federal agencies and programs. Federal contracting is too expensive and lacks adequate oversight. And the federal hiring process is slow and cumbersome at a time when new talent is needed to replenish the federal workforce. Addressing these deficiencies would give government productivity a significant boost.

Such a government makeover would deliver more than policy results; it also promises to restore public confidence in government's basic competence. Opinion research shows the public does not believe government is capable of executing its responsibilities efficiently and effectively. This sentiment has only grown in recent years as Congress and federal agencies seemed to favor special interests and neglect their public missions. Anger is still high over the bailout of the financial industry, and FEMA's disastrous response to Hurricane Katrina lingers in the public mind. This mistrust is a significant barrier to advancing policies to address even the most popular goals. For attitudes to change, the public first and foremost will need reason to believe that government does act responsibly and works to deliver maximum bang for the taxpayer's buck.

The nation's fiscal health makes this especially urgent. Poor policy choices early this decade combined with the faltering economy and declining revenues leave fewer resources for critical but neglected problems. We have no illusions that Doing What Works and improvements in efficiency will solve the budget deficit—indeed, defense spending will not be a major focus even though it accounts for more than 20 percent of the budget pie. But we undertake this project because a serious public discussion of fiscal choices will only be possible if there is greater confidence that scarce public resources will be wisely spent.

President Obama has announced his intent to freeze discretionary, non-military spending over the next three years. Major challenges in health care, energy, education, and other priority areas may have to be addressed with little or no additional funding. This reality demands that government operate efficiently and direct resources where they are needed most and to efforts that generate the greatest returns. Approaches that prove effective should be replicated. Those that perform poorly should be redesigned to boost results. And those that are redundant, misguided, or misdirected should be eliminated. We need a government that does what works.

# Challenge the status quo

Phasing out or reforming programs and operations—even ones that clearly don't work—is easier said than done. A host of political and institutional obstacles must be faced and overcome.

It can be especially difficult to question a program that serves goals we support. Consider the Department of Energy's Weatherization Assistance Project, or WAP, which retrofits homes of low-income consumers. This program is intended to combat global warming, create jobs weatherizing homes, and reduce energy costs for those who can least afford them. Many organizations, including the Center for American Progress, have embraced WAP because of its focus on these important goals.

There is evidence, however, that these goals are not being efficiently achieved. WAP does not aggregate homes in neighborhoods or cities for weatherization. Rather, it directs efforts at individual homes scattered across regions and states. Economies of scale are not realized as a result, and underutilized workers are only sporadically employed.

We must find the political will to reform or scrap programs like the WAP, even when they serve goals we hold dear. Going down this path can seem threatening. Constituency groups that work to advance energy solutions and other policy priorities might worry that there will be no replacement—that resources will be lost as opposed to redirected to more effective alternatives. They can become invested in suboptimal approaches as “the best we can get.”

That conclusion sometimes has merit. Powerful interests, such as business lobbies, non-profit program delivery organizations, and government contractors, may benefit from the status quo even if the broader public could be better served by going in a different direction. And it's a fact of life that these interests influence policymakers through lobbying, media campaigns, and contributions. This obstacle could be even bigger after the recent Supreme Court decision allowing unlimited corporate campaign contributions—especially when combined with the now habitual use of the filibuster. Special-interests only have to find 41 Senate votes to block action, making it that much harder to challenge the status quo.

Legislation must also flow through committees that are sometimes friendlier to narrow special interests than the House or Senate as a whole. Our system of agriculture subsidies, for example, in its current form cannot be justified as national economic policy, but rural

farm-state members closely aligned with agribusiness and local farmers make up the vast majority of the House and Senate agriculture committees.

Thus Congress also needs to rethink the way it does business. One component of this project will particularly explore with members of Congress and their staffs what kind of performance information would better inform their work and whether there are practical and politically realistic ways to integrate executive branch and congressional decision-making. Sen. Mark Warner (D-VA) is leading a new committee—the Budget Committee Task Force on Government Performance—with this same mission, presenting an opportunity to increase transparency and reconfigure incentives. Objective performance information, presented clearly for public consumption, raises the stakes for defenders of approaches that don't work—especially if this data is combined with congressional votes, lobby disclosure information, and campaign finance data.

Sometimes opposition to doing what works is ideologically based. This project is about identifying smart investments—some programs should be cut, but others deserve more funding or should be created. Many of today's conservative senators and representatives, however, work to curtail non-military domestic spending whether it efficiently accomplishes its purpose or not. If you don't believe the federal government has a role in the first place—in education, for example—then no investment is a smart investment.

One way progressive lawmakers have coped with this obstacle is by expanding tax expenditures. Tax expenditures are economically equivalent to direct spending—they reduce revenue and thus cost the federal treasury in service of policy objectives. But it is easier to win votes for tax expenditures, couched as “tax cuts,” than spending. Politicians of all persuasions now advance their goals through tax expenditures, which have exploded over the last two decades and total \$1.2 trillion each year.

Many of these expenditures are inefficient or ineffective ways to achieve a policy goal, often rewarding those who would have taken an action without the tax benefit, in order to incentivize some others who would not. In some cases they are spending provisions that have been introduced through the tax code because that was the only way to get them passed—even if a direct spending program would have achieved the purpose more efficiently. But tax expenditures are also often giveaways to special interests, such as oil and mining companies, tucked into the tax code where they are less obvious than direct spending subsidies, and not usually subject to renewed budget scrutiny each year.

Enormous savings are possible by devising a more sensible system. For this to happen, the prevailing ethos—which has a built-in bias for tax expenditures—must be challenged. Tax expenditures should be evaluated for effectiveness in the same way as direct spending.

Barriers exist within the executive branch too. Those working in government can be expected to defend their programs—and potentially their jobs—against elimination or

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serious overhaul. Agency leaders who desire change may feel chastened by the possibility of internal rebellion and potential opposition from patrons in Congress, who are prepared to battle for pet projects and programs. With limited time in office, political appointees choose to “pick their battles.” Presidential leadership will be crucial in such cases. Agency leaders and congressional allies are unlikely to initiate and pursue major program reforms without strong backing from the president.

Operational systems would seem to be easier to take on. But even when government personnel dislike their agency’s internal practices—including those related to management, human resources, contracting, and information technology—the alternative might actually seem worse. Operational change can potentially create uncertainty, place additional demands on already stretched employees, and ultimately distract from an agency’s core mission. These pitfalls could be exacerbated if capable replacements are not found to fill the positions of an aging federal workforce. Agency leaders must engage and solicit ideas from their workforce, making federal employees part of the change process.

Many times leadership is literally not present. Thousands of political appointments at executive branch agencies often take hundreds of days to fill. Presidential finger-pointing at the Senate for these delays is not groundless, but it actually takes presidents longer on average to submit nominations to the Senate than for the Senate to act. (President Obama has been no better, and in fact the presidential vetting process has gotten more complex and involved.) Appointees don’t stay in place long after they are confirmed either—tenure is frequently less than two years—and the dysfunctional nomination and confirmation process must begin again. It has become common for appointed positions to be vacant longer than they are filled. Change cannot happen if there is no one in place to push it.

Finally, there is the question of how we know what to change. Our current tools for performance measurement—in particular, the Government Performance and Results Act of 1993 and the Performance Assessment Rating Tool put in place by the Bush administration—have proven inadequate for various reasons. In the case of GPRA, agencies have often focused on measuring tasks performed rather than actual real-world outcomes, among other problems. PART reviews, meanwhile, have suffered from weaknesses in evaluation and questions over objectivity (FEMA’s response and recovery programs were rated “adequate” even after gross deficiencies were exposed in the aftermath of Hurricane Katrina).

Neither has had much effect on the budget process. “It is not clear that PART has had any significant impact on congressional authorization, appropriations, and oversight to date,” according to the Government Accountability Office. Nor do executive branch decision-makers really use GPRA or PART information. Performance measurement instead exists almost as a separate enterprise from decision making. A new approach is needed to breathe life into performance measurement.

# Measure what works

Our premise is that performance measurement should be focused on what matters most and where it can make the most difference. GPRA and PART mandate performance measurement across the government under the same framework—every program is treated equally. This uniform treatment is questionable in terms of both leadership attention and resource allocation.

In the private sector and state and local governments, successful performance measurement is generally characterized by commitment from the top. President Obama has appointed a new Chief Performance Officer, Jeffrey Zients, as a demonstration of his commitment. But the federal government is too vast to expect Zients and his team to give adequate attention to every program. If they try to do everything, in the manner of GPRA and PART, they may be spread too thin to make much of a difference.

Government's capacity to measure is also limited. Information technologies are easing the burdens of data collection and analysis, enabling us to know more about performance than ever before. But performance assessment can still consume substantial amounts of time and money, as the American Recovery and Reinvestment Act is showing. Decisions must be made about where to devote available resources.

The Obama administration has already taken an important step in building a new system of focused performance measurement. Federal agencies, at the direction of the Office of Management and Budget, each identified three to eight high-priority goals in the president's recent budget proposal to Congress. OMB also directed that these goals be ambitious and outcome focused, which agencies followed to varying degrees. There is room for improvement to be sure, but this action sets a foundation on which to build.

Agencies typically have set myriad goals under GPRA, covering almost every area of work. Narrowing the number of goals raises their profile and clarifies priorities for the public, elected officials, and the agency itself. Resources should be focused on accomplishing these goals and measuring progress toward achieving them. Both organizational drive and the quality of measurement would be enhanced as a result.

The administration should also develop top goals for the entire federal government. The commonwealth of Virginia pioneered a system for doing this at the state level. A commit-

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For performance measurement, an obvious place to start is with programs that have both high price tags and impact large numbers of Americans.

tee chaired by the governor and composed of state cabinet officials and state legislators of both parties is charged with setting and tracking long-term, outcome-based goals. In 2004, consensus was reached around seven top goals. Key metrics were then developed to assess progress towards these goals. This work has continued through multiple governors and is embraced by both parties.

The Obama administration should consider engaging Congress in a similar effort. This effort, if successful, would achieve buy-in from Congress (something lacking under GPRA and PART) and provide the chief performance officer with clarity about his own priorities. Public attention would also be magnified on achieving top goals, which could provide political motivation to act and be leveraged to assist in performance monitoring, as is currently happening under ARRA.

With goals in place, performance indicators can be set to track overall progress as well as the effectiveness of specific policies, programs, and actions. These metrics must be chosen carefully. Choosing wrong can produce misguided conclusions and create warped incentives.

It is not enough to measure aggregate outcomes in areas like education and health care that involve important equity and distributional considerations. Education policy is now focused on closing large achievement disparities between low-income, minority students and their more advantaged peers. Similar disparities exist in access to quality, affordable health care. Metrics for subpopulations will have to be set—by geography, income, age, and race or ethnicity—to judge progress on most national priorities. This is also necessary to avoid bad incentives that might lead those implementing a policy or providing a service to exclude the hardest cases in order to boost performance numbers.

Performance evaluation can be conducted to generate more in-depth knowledge. Performance evaluation may incorporate information generated by performance measurement. But it involves more rigorous study and research to identify specific causal effects of specific programs. The White House Office of Management and Budget released a memorandum in October 2009 that promised greater attention and funding for performance evaluation.

As with performance measurement, allocation of resources for evaluation should be guided by key goals. But we should also consider the potential benefits of measurement and evaluation for particular programs or policy areas. Are they likely to identify significant cost savings? And are they likely to improve real-world results? In other words, how do we get the biggest bang for the buck out of performance measurement and evaluation?

An obvious place to start is with programs that have both high price tags and impact large numbers of Americans. An assessment that leads to significant savings and improvements in a program like the Medicare prescription drug benefit would pay for itself many times

over. Reforms to smaller programs would produce much smaller payoffs, yet measurement and evaluation may still involve complex challenges that demand considerable resources.

Few areas promise larger gains than tax expenditures. The \$1.2 trillion forfeited in tax expenditures every year is more than twice as big as all nondefense discretionary spending. And these expenditures are rife with inefficiencies. To take one example, expenditures on tax-exempt bonds will total about \$132 billion from 2008-2012. The intended purpose is to reduce borrowing costs for state and local governments. But in practice individuals in higher tax brackets purchase many of these tax-exempt bonds, capturing 20 percent of the expenditure, according to the Congressional Budget Office. CBO concludes that “a direct appropriation of funds would purchase more infrastructure on a dollar-for-dollar basis.”

Despite such potential savings, tax expenditures are given less scrutiny than direct spending. They are not counted as part of the federal budget—because they are treated as tax reductions—and thus are not subject to annual congressional review. Nor is their performance assessed in the same way as spending programs. In fact, OMB’s memorandum on performance evaluation specifically excludes tax programs as an area of focus (though Zients says tax expenditures should be a priority).

Some federal credit programs likewise do not face the same budget scrutiny and performance assessment as direct spending. Large savings may be possible in some areas. CBO estimates we could save \$87 billion over 10 years on student loans by cutting out the middleman and eliminating government fees paid to private lenders. Performance measurement and evaluation should be applied wherever significant gains are possible, whether tax expenditure, credit provision, or direct spending.

Determining what to measure also requires considering whether performance measurement is the right tool—it makes more sense for some activities than others. The value of outcome-based performance measurement is far less clear in the case of scientific research programs than for basic service delivery. Research grants often do not produce significant results until many years in the future, and results can be highly unpredictable. This is not to say research grants and programs should not be evaluated; outcome-based performance metrics just may not be the best way to do that on a day-to-day and even year-to-year basis.

Service delivery, on the other hand, is well suited to performance measurement. Is the service delivered in a timely or efficient manner? Does it produce the desired result? Answering these questions—in particular the second one—may not always be easy. But they are straightforward and provide a sound basis for investigation. A number of state and local governments have dramatically improved service delivery by tracking such metrics. The city of Baltimore now guarantees that a pothole will be repaired within 48 hours after receiving a public complaint, thanks to the CitiStat tracking system put in place by former mayor Martin O’Malley (who is now using a similar system as Maryland’s governor).

The federal government should be less concerned about making sure *everything* is measured. This approach itself represents a large cost that to this point has achieved few results. It's time for some strategic focus: How can we best use performance measurement and evaluation to deliver government that works?

# Experiment and innovate

Performance assessment, done strategically, presents the opportunity to stimulate experimentation and innovation. Policymaking is not an exact science and will rarely be done precisely right the first time. Circumstances also change that affect a program's results and require response. Performance measurement and evaluation ideally will be used to conduct ongoing experiments in priority areas.

New research in behavioral economics shows that people often respond much differently to even small changes in information and interventions. Knowing what tweaks produce what responses could be the difference between program success or failure. The Obama administration's memorandum on performance evaluation previews a more dynamic policy-making process that tests different strategies and applies the lessons.

State and local governments are particularly promising in this respect. Currently, their relative performance is seldom publicly evaluated, even though their actions frequently determine whether a federal program or initiative is successful. Indeed, one objection federal agencies make to outcome-based performance measurement is that results depend on many factors outside their control, including the performance of state and local governments.

Evaluating the comparative effectiveness of state and local governments would provide powerful insights about what works best and could even lead to a new conception of federalism. At the federal level, opportunity costs are difficult to assess; a program may create X number of jobs or save Y number of dollars, but it might be impossible to know how this result compares to the benefits of an alternative program never implemented. Performance measurement and evaluation could be used to encourage state and local governments to experiment with innovative solutions that can be compared against each other.

Education policy is already moving to a more performance-based model. State and local officials and educators are given flexibility to develop approaches to boost student achievement. In return, they are measured and held accountable for progress toward national goals.

This model renders more prescriptive programs obsolete, creating the opportunity for federal savings. The Department of Education supports numerous, mostly small programs that serve narrow purposes. These include programs with often very worthy goals, such as teaching American history, mentoring, character education, and women's educational

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equity. But their goals are likely better served by more dynamic state and local experimentation that is rigorously measured.

This approach promotes collective learning by revealing the relative performance among peers—spotlighting the most effective strategies that should be expanded and ineffective strategies that should be avoided. It also jumpstarts a race to the top without any federal “command and control.” No state or city wants to be identified as a laggard, and all desire recognition for outperforming peers. Such constructive competition creates a strong public incentive to address weaknesses and adopt top-performing solutions.

The federal government under this system is re-imagined as more of an information broker than enforcer. But meaningful, accurate evaluation is not always easy. Multiple agencies, programs, and levels of government are often responsible for delivering similar outcomes. These related interventions and their effects must be disentangled, which inevitably entails analytical assumptions and sometimes significant uncertainty.

Performance data does not always allow for neat comparisons either. State and local actors already report large amounts of performance data to the federal government, but these sources sometimes use different metrics. In education, states are permitted to devise their own tests to measure student achievement. This is okay to compare school systems within states, but it is impossible to directly compare systems in different states. The power of the data is dramatically diminished as a result.

There can also be differences in the way data is collected. State reporting on foodborne illness is characterized by vast differences in data quality. A state may appear to have a relatively high rate of foodborne illness when in fact it simply does a superior job of documentation. Comparative analysis may produce misleading conclusions about who is a top-performer and who is a laggard if data quality is not roughly uniform.

A tradeoff may be in order: The federal government repeals unjustified impediments to state innovation, but funds are conditioned upon state and local governments adopting universal metrics and methods of collection and analysis. Such a bargain would greatly facilitate our ability to test experiments, compare results, and apply the lessons.

Nonetheless, we should still have humility about what performance measurement can deliver. There will always be data gaps and data quality issues—even as we strive to address them—and some important outcomes are difficult or impossible to quantify. Human analysis and judgment are needed to account for these limitations and interpret lessons from the best available data. Performance evaluation is designed to provide such sophistication, but it still may not be possible to produce one “correct” answer about whether a program works or doesn’t.

Measurement is further complicated by the siloed nature of data gathering. Data is seldom integrated across federal departments and agencies or even within agencies, impairing more complex analysis to establish causation and evaluate interactions and geographic distributions. For example, pollution data, such as annual toxic releases, is not linked to public health data, such as cancer-related deaths, or census data, which could identify affected populations. Federal agencies and programs must coordinate with one another to bring such information together and produce smarter decision-making.

## Coordinate and consolidate

Information silos are merely a symptom of a larger problem. Federal programs are frequently not well coordinated and integrated with each other. This disorganization can undermine program results, impede service delivery, and add unnecessary costs.

Sometimes an agency or program may be set up to do one thing, but it may have resources or assets that can assist with another governmental priority. These opportunities are often not exploited because of turf issues, inertia, or failure of vision.

The Veterans Administration possesses one of the most advanced databases of medical records in the world. But the Food and Drug Administration does not use these records in evaluating whether prescription drugs cause unanticipated side-effects. Instead, the agency relies heavily on disclosures from self-interested drug manufacturers. Augmenting this information with VA records (stripped of personally identifiable information) would generate more timely and reliable conclusions, drive the system to more cost-effective interventions, and potentially prevent injury and death from dangerous drugs.

Other programs serve very similar purposes, but suffer from a lack of communication. A host of different poverty programs substantially serve the exact same people. Poor children, for example, may come into contact with homeless services, child welfare, school-related programs, and community-based programs. But these programs do not always share information with one another about their shared beneficiaries. This can create barriers to enrollment and cause efforts to be misdirected or duplicated.

Coordination is also an issue between the federal government and the state and local levels. The federal government funds and sometimes requires state and local governments to administer and deliver many important services, from Medicaid to Food Stamps to enforcement of the Clean Air Act and other environmental laws. Results will suffer when the different levels of government are not on the same page, working toward the same goals. The federal government must take initiative and engage state and local governments in the goal-setting process.

Tax expenditures present a different sort of problem. State and local governments often follow the federal government's lead on taxes—a deduction adopted for federal taxes will also be adopted for state and local taxes. This means the effects of tax expen-

ditures—for good or bad—are magnified. Yet this reality is typically not taken into consideration in weighing their merits.

Federal programs that serve largely the same purpose or clients are candidates for consolidation. Low-income families are eligible for multiple food programs, each with their own administrative structures and application processes. These include Food Stamps, the school lunch program, WIC (food for pregnant women and their young children), and the Child and Adult Care Food Program (if they live in a homeless shelter or participate in childcare), not to mention food pantries that receive government grants. It might make more sense to employ consolidated enrollment with one application to assess eligibility for multiple programs. The administrative savings generated from this consolidated system could then be used to better provide for beneficiaries.

The executive branch can improve coordination of programs on its own. But consolidation requires legislative action through the budget process, which makes it much more difficult. Weaknesses in this process must be addressed if there is to be any serious effort at program consolidation.

The budget process begins with each agency submitting its own proposal to the White House Office of Management and Budget. This siloed agency-by-agency approach to budgeting prevents a broader look across government to identify opportunities for consolidation. Agencies instead have an incentive to protect their turf and shoot for the maximum possible budget figure. As a result, presidential budget proposals generally do a poor job of explaining and justifying funding decisions, with little attention given to the larger context.

Washington state provides a possible alternative model called “Priorities of Government,” developed under the leadership of former governor and now Commerce Secretary Gary Locke and advanced by Gov. Christine Gregoire. This system uses “results teams” of experts from different state agencies to determine spending in 10 broad priority areas, such as improving student achievement and boosting public health. Each team is then given a set amount of money to address its priority area. This forces budgetary tradeoffs across agencies and programs and encourages creative thinking about how to get the biggest bang for the buck.

Congress is similarly siloed by its committee structure. Members often work to promote specific projects and priorities housed in agencies within their jurisdiction. Agencies outside their jurisdiction receive little attention. Sen. Warner’s new committee on performance is intended to provide more attention to the broader picture. But other members of Congress will have to buy in as well for there to be success.

Federal programs that serve largely the same purpose are candidates for consolidation. Administrative savings generated from consolidation could be redirected to deliver better results.

# Enlist the public

Answers won't always come from Congress or the executive branch. A more rational decision-making process should also enlist those outside government, including concerned members of the general public.

New information technologies allow federal agencies to gather enormous volumes of information. Sensor and satellite technologies provide the ability to collect data on almost anything in the physical environment, including air and water quality, traffic flow, and the condition of critical infrastructure such as roads and bridges. Electronic reporting and management systems are used to aggregate other types of data, including health care records and student test scores.

This data must be analyzed for it to be useful. Government, of course, has responsibility to do such analysis. But there are limits in terms of resources and capacity. Broad disclosure of data empowers the public to assist in analysis.

Indeed, the public appears primed for this role. The explosion of blogging and tools like Twitter and YouTube shows there's a growing culture of interaction. The public now expects to be more than a passive recipient of information. This means knowledge can flow both ways—from government to the public, and then from the public back to government. Thousands of extra eyes can be employed to uncover problems, root out waste, and find solutions.

These extra eyes also offer fresh perspective. Large institutions can sometimes become slaves to their own conventions. Underlying assumptions may be assumed correct when they are in fact badly flawed.

Michael Lewis's best seller *Moneyball* tells the story of Major League Baseball's move to data-driven performance evaluation and player selection. This approach was first promoted by math-oriented fans who used their personal computers to crunch statistics and develop a deeper understanding of the game. Most inside the game—team general managers and scouts—at first resisted their conclusions, many of which flew in the face of long-standing belief. Oakland A's General Manager Billy Beane, however, sided with the fans and built one of baseball's winningest teams with one of the lowest payrolls. Today, it is widely accepted that the fans were right and the baseball insiders—the experts—were wrong.

Likewise, government insiders can be wrong. Those outside government may see things from different angles and help puncture myths or conventions that impede greater efficiency and results. Federal agencies now take their existing structures and internal capabilities as givens; in some ways they even drive priorities. A more engaged public and more interactive decision-making process ideally would encourage an outside-in approach that starts with public needs and then reforms operations around those needs.

The Obama administration appears to recognize this opportunity. In December, the administration issued an Open Government Directive that sets a policy framework for far greater government openness and transparency. And even before the directive, new tools were developed to make this vision a reality. Detailed, visually accessible reports on federal stimulus spending are published at [Recovery.gov](http://Recovery.gov). A website known as the “IT Dashboard” allows the public to track the progress of every single federal information-technology project. Most ambitiously, the Obama administration is providing more than 100,000 federal data sets—on topics ranging from the annual costs of Medicare to the number of law enforcement officers killed in the line of duty—through a new web site, [Data.gov](http://Data.gov).

Third-party designers are building tools to translate this raw data and allow for public analysis. The Center for American Progress, in partnership with OMB Watch, plans to build a web-based tool that enables geographic analysis of spending and performance data related to education, energy, and health care. This effort is intended to serve as a demonstration of how to make data more accessible and useful.

The administration and Congress have responsibility to build these sorts of tools as well. A good place to start is with their top goals. The public should have the ability to evaluate progress toward these goals and the effectiveness of government actions. It is not enough to simply provide searchable databases, which can leave the typical user frustrated and confused. Nor do we want something that constrains users to a few narrow queries. Tools should provide flexibility to explore an issue, but enough structure and capability to generate easy answers to key questions. This is how you unlock the power of the data, which in turn helps establish a foundation for public engagement.

The Obama administration is also looking for ways to bring the public into the decision-making process. A month-long online dialogue was held in developing the administration’s Open Government Directive. This process allowed the public to submit and vote on ideas for inclusion in the directive. More experiments like this are needed to find the best methods of public engagement. These experiments need not be limited to the Internet either; an array of approaches should be tested and compared. Many will not work, but as we zero in on approaches that do, we will begin to realize the benefits of a more interactive government.

Broad disclosure  
of data empowers  
the public to assist  
in analysis.

# Be ready to execute

Even if government develops policies that work, operational problems can still drag down efficiency and impede results. The U.S. private sector boosts productivity at a long-term rate of 1.64 percent every year. But research suggests that the federal government's productivity is flat or even down.

Zients, the chief performance officer, has identified four factors that get in the way: (1) senior leadership focusing too much on policy and not enough on management; (2) outdated information technology; (3) a cumbersome contracting process that does not “take advantage of our position as the world's largest purchaser”; and (4) a slow hiring process.

The first problem is largely a function of how the federal government staffs its leadership. A private-sector employee can work his or her way up the ranks to a position of senior leadership, but talented civil servants often have to settle for less. Many management positions are reserved for political appointees who often turn out to be policy people—or worse, patronage picks—with little or no experience managing a budget and supervising a large number of employees. Extended vacancies in these positions, as prospective appointees await nomination and confirmation, further contribute to the management vacuum.

One response to this problem is to empower civil servants to share their ideas with senior officials about how to make government work better. Federal employees submitted nearly 85,000 ideas to achieve savings and increase performance in response to the Obama administration's newly created SAVE Award. This sort of feedback is essential and can help focus attention on management issues. But it is still no substitute for capable, dedicated managers who push for greater results everyday.

The second problem Zients cites, outdated information technology, is a significant barrier to smarter, more responsive decision-making. An inability to efficiently gather, analyze, and share information blinds federal agencies to potential problems and needed responses. The failure of intelligence agencies to identify the so-called “underwear bomber” resulted in part from an inadequate IT infrastructure that impeded information sharing. The puzzle pieces existed; they were just not put together. Other federal agencies are no better and in fact often worse. A McKinsey survey found one agency relied on more than 100 internal websites simply to allow agency officials to communicate with each other. In today's world, government will be dysfunctional without an effective IT infrastructure.

The Obama administration has taken a number of important steps to get contracting under control. This includes straightforward good government policies—such as avoiding no-bid contracts, which proliferated under the previous administration—as well as more innovative approaches. Some bids are now submitted through an eBay-like tool that encourages contractors to underbid their competition. The administration recently announced that it achieved \$19 billion in savings through these reforms.

Yet problems remain. The total number of federal contractors grew from 4.4 million in 1999 to 7.6 million in 2008. Many of these contractors do work that is nearly identical to jobs once performed by civil servants, but their cost is far greater. This work should be evaluated to see if it would be better performed by civil servants at lower costs. Effective oversight is also still lacking for many government contracts, leading to overruns and poor performance.

Finally, federal agencies simply cannot do their jobs if they are unable to hire good people. Many talented job-seekers are turned off by government’s excessively long and complex hiring process. One young attorney we spoke to interviewed three times over the course of several months for an entry-level position in the Department of Justice, only to be told that she had to begin the process anew after an assistant attorney general was confirmed. Such delays send a clear message to job-seekers: “you are not wanted here.” As baby boomers are poised to retire in droves, this message must change.

Addressing operational deficiencies in these areas could boost government productivity by 5 to 15 percent and yield billions in annual savings, according to McKinsey & Company, which is partnering with CAP on this project to identify federal-agency success stories. These examples will show that efforts to transform and modernize operations are worth the effort. Agencies that improve operations are not only better run; they deliver greater real-world results to the people they serve.

One leading example is the VA’s Veterans Health Administration, which as recently as the early 1990s provided woeful care for the nation’s veterans. The Clinton administration transformed the VHA by establishing performance incentives for top executives, firing incompetent physicians, shifting strategy to primary care and outpatient treatment, and developing world-renowned open source software to manage patient records. Today, the veterans health system is widely viewed as a model of efficiency and effectiveness, significantly outperforming private care.

This example shows that implementation is at least as important as policy. Policies may be smart and well crafted, but they will fall short if government is not ready to execute. Other federal agencies and programs could realize similar productivity gains by giving greater attention to execution.

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# The time is right

Some of the language used here will have a familiar ring to those involved with previous reform efforts—such as the Government Performance and Results Act and the Bush administration’s Performance Assessment Rating Tool—that appear to have had little effect on government decision making. But there are reasons to think things could be different this time around.

The first is President Obama’s commitment to pursuing a “doing what works” agenda. Research shows the most important factor in organizational transformation is commitment at the top. Indeed, President Obama’s inaugural pledge has been followed with a number of important actions aimed at finding budget savings, boosting productivity, and providing greater transparency.

This presidential commitment also comes at a time of great advancements in information technology. It is now possible—and affordable—to instantaneously collect, aggregate, and analyze enormous volumes of data. The Internet and interactive applications, meanwhile, can be used to broadly share information and engage in dialogue with an array of stakeholders outside government. These technologies provide the ability to shine a light on performance in a way not possible even a few years ago.

This ability, in turn, offers the opportunity to rethink and transform the way government does its business. Leaders in the private and public sectors are already seizing on this opportunity. Many of these examples did not exist during earlier reform efforts. They now serve as powerful evidence that significant gains are possible. This project intends to help make sure these gains are realized.

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## About the authors

**John Podesta** is the President and CEO of the Center for American Progress.

**Reece Rushing** is leading the Doing What Works project at the Center for American Progress.

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doing  
what works