“BETTER GOALS, BETTER MEASURES, BETTER RESULTS”

WRITTEN TESTIMONY OF

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Chairman Carper, Ranking Member Dr. Coburn, and Members of the Committee, I greatly appreciate the opportunity to appear before you today to talk about management matters.

Government management needs more attention. This is easy to say, but not so easy to do because in government, management matters are not headline-grabbing except when a problem erupts. Nor, unfortunately, does policy execution research seem to lead down a high-probability tenure-producing path at the top research universities, despite the fact that, as Thomas Edison once observed, "Vision without execution is hallucination."

If government were a publicly traded company, concern by executives about investor reactions to poor management would provide powerful pressure for good management. Sadly, a comparably powerful incentive for continuous improvement does not exist in the public sector. Sure, government-screw ups get plenty of attention, but imagine if private investors similarly focused primarily on production problems or failed trials, rather than growth in value to customers and a stronger bottom line. The pace of product improvements would likely rapidly decline.

We need to keep the pressure on government not just to pay attention to preventing problems and keeping their costs as low as possible, but also to mission-focused improvements – finding and spreading what works better. Government agencies must become more adept at setting goals and pushing continuous improvement. They must get more skilled at applying existing evidence, generating new knowledge, and using experimentation and innovation to test new approaches to program delivery. Further, they must better communicate their results and share successful approaches with those who can apply that knowledge.

The lack of attention to management matters is why, last year, building on a long, distinguished, and exemplary career in public service and the private sector, former Federal Reserve Board Chairman Paul Volcker decided to launch the Volcker Alliance. The Alliance, where I am now proud to be the founding President, aims to rekindle intellectual, practical, political, and academic interest in the implementation of policy – in the "nuts and bolts" and, increasingly, the electrons of government. We seek to be a catalyst for change – encouraging public, private, and educational institutions to give sustained attention to excellence in the execution of federal, state, and local policies in the U.S. and abroad.

This need for attention is also why this committee's decision to convene a second hearing this month on management matters is cause for celebration. We need more minds spending more time working to understand implementation successes and government problems, their causes, and ways to improve.

Increasingly, political crises are not about failures of policy but failures of execution. It is those failures that people read about in the headlines, suggesting that government is characterized by massive mismanagement. While there are plenty of successes that we don't hear about, the number of news stories about management mistakes undoubtedly contributes to the loss of confidence in government. This poses a real and urgent crisis that can prevent our government and our country from achieving our full potential in an increasingly competitive and globalized world. We need to do something about it now.

I appreciate the opportunity to come here today to talk about priorities for improving the management of the federal government, including lessons learned implementing the performance management practices required by the Government Performance and Results Modernization Act of 2010 (Modernization Act). I speak based on my recent experience as the OMB Associate Director for Performance and Personnel Management where I was responsible for the law's implementation, as well my work before and since then.

I will focus the bulk of my comments on performance measurement and management because it is the key method businesses use to drive performance and because it is a high-leverage tool applicable across multiple domains, for both mission-focused and mission-support, or functional, goals. I am also happy to share my thoughts, as requested, on goals the Administration and Congress might set for short- and long-term management initiatives.

I. The Performance Improvement and Accountability Framework

Let me start by talking briefly about lessons learned from implementation of the 1993 Government Performance and Results Act and other performance management efforts around the country and the world. The Obama Administration applied these lessons to the performance improvement and accountability practices it required at the beginning of the Administration. Congress applied them when it modernized the 1993 Act in 2010.

Performance Improvement in the Clinton and Bush Administrations

The core elements of the 1993 law were quite simple and straightforward:

- set goals, including outcome-related goals and objectives;
- measure performance; and
- report performance annually.

Valuable lessons were learned from the implementation of the 1993 law, the most noteworthy of which was that setting goals, measuring performance, and reporting results was a good start. It was not enough, however. Agencies needed to use performance data to find ways to improve. They also needed to use goals to communicate priorities, to refine priorities so they resonated and aligned with outcomes that mattered to the public and Congress, and to enlist ideas, expertise, and assistance to accelerate progress beyond what an agency could accomplish on its own.

While all federal agencies gained experience setting goals and measuring performance, agencies that set outcome-focused goals and used performance data, evaluations, and other information to select their strategies and execute on them made faster progress. The National Highway Traffic Safety Administration (NHTSA) has long been one of my favorite examples of an agency that got off to a strong start. NHTSA has routinely set an outcome-focused goal of reducing traffic fatalities by a specific amount in a specific time period. It routinely uses traffic fatality data noting key characteristics of fatal accidents before, during, and after each incident to identify causal factors. NHTSA then uses that information to develop policies to drive traffic accidents down. Despite increases in vehicle miles traveled, highway deaths have continued to decline. Why? NHTSA analyzes the data it collects to look for promising state and local practices associated with fatality reductions, such as the adoption of primary enforcement laws to increase seat-belt use and the "Click It or Ticket" campaign. It then looks to see if these favorable results also occur in other places that adopted the practices. When that happens, NHTSA promotes broader adoption.

NHTSA also conducts measured pilots, such as a current one to apply lessons learned from the Click It or Ticket campaign to reduce distracted driving ("Cell phone in one hand, ticket in the other"). It started the campaign with pilots in two smaller communities, and is now trying to replicate the positive results in two larger ones, comparing the results to communities without the campaign. NHTSA also takes advantage of natural experiments that occur when states change key aspects of their safety laws to compare the impact on their traffic fatality rates to changes in fatality rates in other states.

Another key aspect of NHTSA's successful practice is that it returns data to its state and local data suppliers with value added through analysis. This makes it easier for state and local officials to use local, national, and comparative data to inform local safety-enhancing decisions. Not incidentally, this also gives its state and local delivery partners a reason to care about the quality of the data they submit to the federal government.

Most agencies got off to a slower start, however. While they experimented with goal-setting, measurement, and reporting, they failed to tap into the power of goals and measurements to communicate priorities, motivate employee effort, inspire innovation, illuminate problems, reveal opportunities, share lessons learned, support cooperation on shared goals, and enlist ideas, expertise, information, and assistance. Laudable efforts by the previous Administration to increase agency adoption of performance and evidence-based management practices by rating programs on their adoption of specific practices unfortunately and unintentionally, I believe, distracted attention away from finding ways to improve performance trends on the outcomes of interest, focusing agencies instead on getting a good rating.

Performance Improvement in the Obama Administration

Building on lessons learned during the Clinton and Bush years, in state and local governments, and in other countries, the Obama Administration set out to reset the agency mindset. The idea was to get agencies to use goals to communicate priorities and to use performance data to figure out how to improve and enlist others in that effort. Useful, useful, useful. That was, and I believe still is, the mantra. If goals and measurement are not being used, they are useless and sometimes even wasteful.

The changes were based on review of research and experience identifying conditions[1] that made goals and measurement transformative by encouraging innovation and replication of best practices, ultimately producing greater results. These reviews examined the lessons of the multi-decade, data-driven transformation in policing US cities; the cleanup of the Charles River in Massachusetts; nationwide experiences from the United Kingdom and New Zealand; state experiences from Virginia, Maryland, Texas, Washington, and elsewhere; and local government experiences in such cities as DC, Baltimore, Pittsburgh, Boston, and Seattle. These lessons suggested the potential value of requiring agencies to adopt a few practices not previously mandated by the 1993 law or Executive Order.

What are those additional practices that the Administration initially required and that are now codified in the Modernization Act?

- **Outcome-focused priority goals.** All agency heads are expected to set a few ambitious, outcome-focused priority goals that their organizations will try to accomplish within two years without new legislation or funding.
- **Leadership responsibilities.** To drive progress on each priority goal, OMB guidance, established new leadership responsibilities for individuals in agencies – the Chief Operating Officer (COO), the Performance Improvement Officer (PIO), and a designated goal leader for each goal. The law subsequently laid out more explicitly the responsibilities for these individuals.
- **More Frequent Measurement and Reporting.** Progress on each priority goal is measured no less than quarterly, and publicly reported soon after the close of the quarter.
- **Data-driven Reviews.** The COO conducts data-driven performance reviews on priority goals no less than quarterly. OMB reviews agency performance on priority goals quarterly and on other goals annually to determine those needing attention or assistance.
- **Communication.** Agencies must communicate more clearly and frequently what they are trying to accomplish; why it is important to do so; how they will proceed (strategies and planned next steps); why these strategies were chosen (evidence); and how well they are performing each quarter. They do this on Performance.gov.

  In addition to publishing information on Performance.gov, agencies are encouraged to identify key audiences for their performance data and determine how best to package and deliver the information so their target audiences receive it when and where they need it to make decisions and, once received, are able to use it easily. The Department of Health and Human Services's Partnership for Patients initiative is one example of this. It has enlisted more than 3,700 hospitals across the country and others who have agreed to try to reach, within three years, a goal of 40% reduction in hospital-acquired conditions and a 20% reduction in hospital readmissions compared to 2010.

  Communicating goals, measurements, strategies, problems encountered, and evidence of effective and promising practices serves multiple purposes. It strengthens democratic accountability, keeps agencies focused on their priority goals, supports collaboration on shared goals, enlists assistance and expertise, and facilitates cross-agency learning.
- **Accountability expectations.** Agencies and their managers are accountable for setting sensible, understandable goals, including a small number of ambitious, implementation-focused priority goals. They are also responsible for using evidence to identify practices likely to accelerate progress on the goals; monitoring progress frequently to detect problems early so they can be prevented or reduced and to find ways to improve; and adjusting actions quickly as needed. In addition, they should inform and engage others to achieve continuous improvement. Agencies are expected to try to meet all of their stretch targets, but also know that if 100% of priority goals are consistently met, it will raise a warning flag that prompts OMB to consider if the agency set targets that were insufficiently ambitious.

The Modernization Act added other noteworthy requirements, most notably requiring the Administration to set cross-agency priority goals. Also, it wisely aligned the timing of strategic plans with Presidential terms.

The Evidence Behind the Tools Required by the GPRA Modernization Act

Let me elaborate a bit on what the evidence says about the power of some of the tools mandated by the Modernization Act, including those initially required in the 1993 law, and characteristics of the tools needed to make them work well.

A. Goals

The research on the performance-improving power of setting a limited number of well-formulated goals, whether in the public or in the private sector, is incredibly rich. Well-structured goals should have the following attributes:

- **Specific** goals – indicating how much of what by when – are a remarkably effective, low-cost, and concise way to communicate to people within and beyond an organization what the organization wants to accomplish.
- **Outcome-focused** goals connect agency actions with the things that matter in people's lives, such as smoking rates or water quality, rather than on activities agencies do, such as the number of grants awarded or permits issued. They keep agencies asking if their actions are having the intended impact and adjusting them when they are not. Outcome-focused goals and measurement help agencies avoid the danger of running on autopilot, even when they need to establish standard operating procedures to be efficient in a large system. These goals keep them from assuming that what they are doing, in fact, works. Instead, outcome-focused goals keep them asking, and answering, if the approach they are taking is effective.
- **Ambitious** goals – stretch targets – compel people to look for smarter ways to get the job done. If targets are ambitious, an agency cannot accomplish the goal by doing what it is already doing unless it throws a lot of extra money at it. Stretch targets have an energizing, innovation-inducing effect provided an organization (or individual) does not try to accomplish too many relative to available resources. When that happens, stretch targets can be discouraging.

B. Measurement and Evaluations

Of course, it is not enough just to set a goal. It is also critical to measure progress toward that goal. When measurement or some other means to gauge progress does not accompany a goal, then we should all worry that the goal is just words. The goal may excite allies and inspire action, but some mechanism is needed – one or a combination of measurements, milestones, and other indicators – to gauge progress.

Based on the lessons learned from EPA starting in 1995 in its efforts to make the Charles River swimmable, from the New York City Police Department's introduction of weekly crime data reporting in the 1990s, from the United Kingdom, and from numerous state and local governments, OMB and the Modernization Act required federal agencies to measure progress on their priority goals more frequently, no less than once a quarter. This was a major departure from the past practice of requiring annual measurement. It was part of resetting the mindset. By asking for fresher, more frequent data, agencies get the quantitative feedback they need to adjust their actions quickly when the data suggest things are not working as expected.

In addition, OMB encourages agencies to use a suite of measures, not just a single indicator, to manage and communicate. It requires agencies to report "performance indicators" each quarter.

These are the indicators that capture progress toward the target as stated in the goal statement (such as changes in the energy efficiency rate, hospital-acquired infections, and percentage of transactions done electronically). But agencies are also encouraged to collect and report "other indicators" worth watching such as indicators about unwanted side effects, precursor events, early warning indicators, causal factors, lagging outcomes, or data completeness.

Performance measurement alone, however, is often not enough to chart the most effective and cost-effective path forward. It needs to be complemented with appropriately rigorous evaluation to try to isolate the impact of agency action from other variables that might be influencing outcomes of interest.

C. **Leadership and Management**.

Goals without measurement are just words on a page. But even when measurements are collected, they are of limited value if not used on a regular basis to inform action. For that reason, the Administration and the law create a number of people-specific assignments. In addition to requiring that the number two person at each agency, the Deputy Secretary or equivalent, function as a Chief Operating Officer (COO) and run data-driven reviews on the agency's Priority Goals no less than once a quarter, the law codifies a previous Executive Order issued during the Bush Administration requiring each agency to have a Performance Improvement Officer (PIO) reporting directly to the COO. The PIO is responsible for the analytic preparation before the quarterly reviews. Also, he or she is expected, on behalf of the COO, to assure follow-up occurs on the discussions and assignments given during or in preparation for these reviews**.** Finally, each agency Secretary or COO must name a Goal Leader who is accountable for achieving progress on each priority goal and making adjustments when it is not happening.

These three people assignments, establishing distinct but complementary leadership roles and responsibilities for agency use of goals and measurement, were made based on careful review of past experience. They have proved remarkably helpful resetting the performance management mindset – shifting the emphasis from reporting to use and from compliance and fear of punishment to improvement.

II. Current Performance

So, how is all this working? The answer is, remarkably well, both in terms of benefits to peoples' lives and in terms of process improvements. Of course, the change is not yet happening everywhere all the time, but significant progress is being made, as the GAO noted in its recent research which found that where priority goals had been set, agencies were using the information to accelerate improvements.[2]

Let me use the renewable energy goal of the U.S. Department of the Interior to illustrate why and how this goal-focused, data-driven approach works and also talk about what I think it will take for this approach to continue to work well.

In the first round of priority goal-setting, the Department of the Interior set a goal that by September 2011, it would increase approved capacity for renewable energy on Interior-managed lands by at least 9,000 megawatts, while ensuring full environmental reviews. The Interior Department realized that, as manager of one-fifth of the nation's landmass and 1.7 billion acres of outer continental shelf, it could contribute to a growing economy, job creation, reduced dependence on foreign oil, and reduced greenhouse gas emissions – important goals of the President and Congress – by making more of its land available for private development of renewable resources.

The Department picked what some call a big, hairy, audacious goal – the kind of goal that energizes and encourages innovation. To put the ambitiousness of the goal into context, in the previous thirty years, between 1978 and 2009, Interior had approved only a small number of wind and geothermal renewable energy projects, estimated to provide for development of about 1,500 mw of renewable energy.

If you look at trends for this goal during the first two years, available on the archived section of Performance.gov, it is clear that the Interior Department had a very difficult time early on figuring out how to make progress on this goal. By September 2010, it had only approved a little over 130 mw of renewable energy.

But, in December 2010, it was clear the department had figured something out. By then, it had approved an aggregate of nearly 4,000 mw of renewable energy, up nearly 3,200 mw from the prior month. What the Department had figured out was how to expedite its permitting process without compromising environmental concerns.

Despite this progress, by September 2011, the Department had not reached its target of 6,000 mw. Nonetheless, the Interior Department did not get discouraged, but instead decided to push for a higher target, especially since it was clearly identifying better ways to do its work. So, it set a new goal to authorize at least 11,000 mw in approved renewable capacity by September 2013. This time around, it not only met the target but significantly exceeded it, achieving nearly 13,800 mw of approved renewable energy on Interior managed land, enough to power about 4.6 million homes.

When the Administration released the list of FY2015 goals on Performance.gov a few weeks ago, Interior indicated its intent to keep going and set a goal of authorizing at least 16,500 mw on the lands it manages.

As this story illustrates, these tools – clear goals, frequent measurement, managing with measures and other evidence, communication – are helping federal agencies find what works and what needs fixing. The cadence of quarterly reviews and reporting are encouraging them to act on that information and take the necessary actions to improve. This is helping federal agencies achieve better outcomes for each dollar spent. Together, these tools are improving the outcomes that affect people's lives, raising returns on taxpayer investment, enhancing the quality of interaction with the government, and strengthening democratic accountability.

The great news is that the experience with this priority goal is not unique. Progress is being made on many other ambitious priority goals, such as reducing adult smoking and hospital infection rates, turning around the lowest performing schools, and increasing the number of airline passengers receiving expedited screening.

But let me return for a moment to the fact that the Interior Department failed to meet its FY2011 target. Should the Administration, or Congress, consider that a problem? In retrospect, it clearly was not, given the goal's ambitious nature and DOI's ability to adapt its strategy to improve outcomes. But even at the time, OMB treated it as a model for other agencies, just the opposite of a problem. In short, the goal worked. It did not just accelerate the authorization of renewable energy projects on Interior managed lands, but it also helped identify ways to improve permitting now helping other parts of the federal government.

If we want agencies to set the kind of stretch targets that will encourage innovation, we need to expect some missed targets. In fact, we should get worried about agencies that meet all of their stretch targets most of the time. Quite frankly, it would be wonderful for Congress to somehow signal its recognition that stretch targets are, in fact, stretch, and that it expects to see significant progress on all of them, or explanations why progress is not happening and what is being done to address the problems, but not 100 percent target attainment. In business, I am told, they talk about making 75 to 80 percent of stretch targets. I know it sounds counterintuitive, but if we want this continuous improvement dynamic to work well in government, we also need to reset our accountability expectations.

Significant progress has been made on most priority goals, although not without stumbles along the way. Agencies have made progress in a number of other areas, as well, when they applied evidence, experience, intelligence, and good management to tackle specific problems and pursue new opportunities. Forthcoming research by Harvard Kennedy School Professor Steve Kelman and Ron Sanders at Booz Allen Hamilton Inc. finds that good performance management practices are not just being applied to the relatively small number of priority goals, but are increasingly being used by heads of sub-cabinet organizations, as well.

It is my hope that progress is also readily apparent in agencies' new strategic and annual performance plans and reports and that the information in these documents and on Performance.gov will be broadly used, not just by agencies but by Congress and by current and potential delivery partners and other stakeholder. The new set of agency and cross-agency goals, and related strategies, should be conversation starters used to enlist the best minds to find better ways to do business. And in some cases, as with the Partnership for Patients, they should be used to engage local partners who want to adopt the goals and join a learning community to share lessons learned and test ways to improve. If agencies are not already facilitating that, perhaps Congress can help by asking the right questions.

III. Next Steps and Future Challenges

I realize, of course, that the positive picture I am painting may not correspond well to many people's impression of government. In some ways, this is not surprising because progress in government is hardly newsworthy. Few think about government's contribution when government works well – when a plane lands safely, when safe drinking water comes out of the tap, when Social Security funds arrive on time, when a veteran is well-served, when we hear the local weather report, and when a government website works.

Plus, the high volume of people who contact the federal government every day affords plenty of opportunity for negative impressions. As an illustration, the Social Security Administration handled 53 million transactions on its 800 number last year and another 46 million transactions online, plus it delivers benefits to 63 million individuals every month. The National Park System gets 287 million visits each year and the U.S. Fish and Wildlife Service 47 million visitors. TSA screens approximately 1.8 million passengers per day, and the Bureau of Reclamation delivers water to 1 in every 5 Western farmers and over 31 million people nationwide. The Veterans Health Administration handles more than 83 million outpatient visits each year, and Customs and Border Patrol agents admit almost one million travelers to our country every day. One cranky federal employee handling any one of these interactions badly or making an unintentional error can reinforce negative public perceptions of government.

The most recent Pew Research Center's study on trust, conducted just before the Oct. 16 agreement to end the government shutdown and raise the debt ceiling, found disturbingly low and declining levels of trust in the federal government. The timing of the survey undoubtedly affected the numbers (the shutdown appears to have reversed a small upward climb in trust), but, as Paul Volcker said when he launched the Volcker Alliance, "Trust rests on confidence and too often government, at all levels, in the eyes of its citizens, has been unable to respond effectively to the challenges of the day. There is an urgent need to restore trust and pride in the way our public institutions implement policies."

Applying good performance management practices, Pew sliced and diced its data to aid efforts to identify likely causal factors affecting trust. Pew noted variations in trust patterns for different parts of government and among different types of people surveyed. Interestingly, it found favorable opinions of 12 of the 13 agencies tested despite the high negative views about the federal government overall, with the IRS being the one unsurprising exception.

In truth, though, even without the benefit of a "deep-dive" root cause analysis, it is not hard to find plenty of reasons why trust might be declining and people are unhappy with the way the federal government works.

People

The recruitment and hiring system, both for pre-career and for mid-career employees, is seriously limping and federal internship programs are just plain broken. At the same time, in-service skills training and staff development are too often treated in budgets and appropriations as afterthoughts rather than strategic investments.

It is therefore good to see the Administration target People and Culture, including fixing the federal hiring process, among its cross-agency priority goals. As part of that goal, I hope the Administration pays serious attention to fixing federal internship programs. If we truly want 21st Century government (and what is the alternative?), we need young people with fresh minds, intuitive understanding of the new economy and new technologies, and education about the best and emerging knowledge in government. Sadly, right now, when energetic, educated recent graduates and interns want to work in the federal government, they have a ridiculously hard time getting hired.

I would also like to see the federal government greatly expand the use of borrowed executives and innovators. It is good to see the plan to expand the use of Innovation Fellows as part of the Smarter IT Delivery cross-agency priority goal. I would hope the Administration also plans to apply lessons learned from the Innovation Fellows program to other areas of need, such as performance analysts and economists. Similarly, it would be good to see the Administration set a target for increased use of the Intergovernmental Personnel Act to bring in fresh perspectives, experience, and skills from other levels of government, the non-profit sector, and academia.

Opportunities for improvement in this area are huge if serious attention is given them. Today's federal workforce is, on average, 3.5 years older than the private sector's and getting older every year, in contrast to private sector trends. Interestingly, last year, 25 percent of respondents to the Federal Employee Viewpoint Survey indicated their intent to retire in the next five years. If the federal government takes advantage of the new phased retirement law, this upcoming personnel transition presents a huge opportunity for mentorship, cost savings, and skills updating while retaining invaluable experience and institutional memory.

Congress, I should note, can contribute to the hiring goal by passing legislation proposed by the Administration several years ago in its hiring reform package, only parts of which were enacted into law. The proposal would make it easier for one agency to recruit for others. This authority would be useful, for example, if one agency successfully recruits more highly qualified candidates than it needs, say, in cybersecurity, and other agencies are allowed to hire from its roster. Cross-agency hiring authority would also allow recruitment specialization to develop in different agencies, which undoubtedly makes more sense than expecting every agency to build strong recruitment capacity in all the skill areas it needs.

Contracts and grants

Serious problems exist in other areas, too. The contracting process is insufficiently agile and still not very adept at using past performance in contract-award decisions. The Smart IT Delivery goal should be helpful here, but the need for agility and consideration of past performance needs to be applied beyond the IT area.

Federal grants, too, need to be more agile and performance-focused. Federal agencies that depend on state and local governments to accomplish their objectives need to do more than award grants. They also need to play a strong learning leadership role: studying local experiments or causing that kind of study to occur. They need to support problem-solving and learning networks that figure out the right data to collect; produce analyses useful at the national, state, and local level; encourage continuous experimentation to find incremental improvements; and find effective methods for collecting and delivering data to inform front-line decisions by caseworkers, teachers, local inspectors, and others who often, ultimately, can have the biggest performance impact.

Justice Louis Brandeis once called states the laboratories of democracy. If these laboratories lack scientists to study the experiments objectively and share the findings with others, however, they are of limited value. The Administration's evidence-based efforts, the examples in its evidence-based memo, and recent grant regulation revisions are big steps in the right direction, as is Congressional approval of the performance partnership pilot for disconnected youth. Federal learning leadership needs to be the rule, however, not the exception.

Customer service and audience-focused communication

I previously mentioned the high volume of the federal government's interaction with the public. That is why I am heartened to see three of the Administration's fifteen new cross-agency priority goals take on the customer service challenge: the Customer Service goal, the Smarter IT Delivery goal, and the Open Data goal.

In addition to its work in the intergovernmental context, the federal government needs to think more explicitly about who needs to know what by when to make smarter decisions that lead to better individual and societal outcomes. It needs to learn how to communicate performance data so it motivates and informs constructive change among delivery partners, without paralyzing progress through fear of punishment or embarrassment. The federal government also needs to learn, across programs and agencies, better ways to communicate performance data to inform choice without discouraging those being compared so much that they do not want to improve or organize to bring down the comparative measurement system as has happened in the past.

The Administration's Open Data goal promises to spur a lot of terrific experimentation in this area. I would urge the Administration, as part of this goal, to support evidence building to help federal agencies and others become more sophisticated about effective methods for communicating information to motivate improvement and inform choice.

Benchmarking and evidence-based management

Federal agencies are getting increasingly sophisticated understanding how to use data to guide improvement, but would benefit tremendously from regular benchmarking, as the best businesses do. By this, I mean not only comparing performance where appropriate, but also learning about the best relevant business process methods.

The cross-agency priority goal to establish cost and quality benchmarks to inform agency buying decisions on core/administrative operations, such as human resources, finance, acquisition, and IT, is exciting. I applaud the decision to create common standards and benchmarks to measure shared service utilization, performance, and cost, and to use those standards and benchmarks to drive continuous improvement.

The executive councils, often referred to as the CXO councils, have also proven very helpful in facilitating cross-agency learning, peer feedback, and co-investment. For example, the Performance Improvement Council, composed of the PIOs, has built a robust learning and support network that has helped agencies improve their data-driven reviews, strategic planning, and, with the evaluation community, integration of evidence-based methods and agency performance management practices.

The federal government would benefit from creating other learning networks and benchmarking councils for different program types. For example, the benefit processing programs of the federal government, some of which have garnered unflattering headlines over the years, have much to learn from each other, private sector firms, and academia about inventory and queue measurement and management. It would also be good to promote collective learning on more effective methods for setting goals and measuring performance in areas where a number of agencies undertake similar functions and conventional measurement techniques may not be appropriate, such as for basic research funding or to deter hidden behaviors such as terrorism and human trafficking. A few years ago, the Performance Improvement Council ventured into supporting communities of practice in some of these areas, but lacked the resources to sustain that work over time. I would urge Congress to consider additional support for this kind of work and, in the interim, to consider holding hearings on best public and private practices in key areas to help agencies learn.

Related to this, in order to strengthen evidence-based decision-making, I would urge that program budgets include funding for implementation-focused research as well as funding for literature reviews in relevant subject areas and translation of relevant research to government practitioners and their delivery partners.

Duplication, overlap, and fragmentation

Duplication, overlap, and fragmentation on shared or overlapping policy goals can create serious and frustrating problems, an issue the Volcker Alliance is looking at in one of our first projects on the structure of the financial regulatory system. As exciting as it is to see the Administration's progress setting and managing mission-focused cross-agency priority goals, such as for Science, Technology, Engineering, and Math Education and for Service Members and Veterans' Mental Health, the reality is that the people and culture of the U.S. government, including the organizational structure of the Congress, do not make it easy to manage across organizational boundaries.

Goal leaders for each of these cross-agency priority goals are more likely to succeed if they have not just the resources, but also the authority, to manage the coordination process. Frankly, it is seldom easy to secure even the resources, especially in tight fiscal times. I am optimistic that this will be worked out for the cross-agency priority goals, but the resourcing and authority issue is a very real problem. I don't have a ready solution to this problem, but it is one that warrants serious attention to facilitate progress not just on the cross-agency priority goals but on many other duplication and fragmentation problems.

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In closing, it is more essential than ever in this fiscal climate that we manage in smarter, more transparent ways. This is no small task and will require the cooperation of many levels and layers of the federal government.

We at the Volcker Alliance stand ready to help. Indeed, in selected areas, we will lead the charge to catalyze new thinking and convene the partnerships needed to leverage change. We welcome the opportunity to work with this Committee and my fellow panelists to think about ways to manage government better to create a virtuous cycle that motivates an increasingly effective, cost-effective, and accountable government that is truly, as President Lincoln so eloquently put it, of the people, by the people, and for the people.

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[1] See, for example, http://www.businessofgovernment.org/sites/default/files/PerformanceManagement.pdf and http://www.businessofgovernment.org/sites/default/files/Performance%20Accountability.pdf

[2] For details, see: http://www.gao.gov/products/GAO-14-436T