

TESTIMONY



STATEMENT OF THE HONORABLE SEAN O'KEEFE
DEPUTY DIRECTOR
OFFICE OF MANAGEMENT AND BUDGET
BEFORE THE
UNITED STATES SENATE
COMMITTEE ON GOVERNMENTAL AFFAIRS
JULY 11, 2001

Mr. Chairman and Members of the Committee.

Thank you for the opportunity to appear before the Committee to discuss the Administration's views on our electronic government initiative and to comment on the legislation pending before the Committee. We welcome your interest and the continued opportunity to work with you to strengthen the initiative.

Electronic Government is one of the key elements in the President's Management and Performance Plan. This administration believes e-government must be integrated with the larger picture of management reform that also includes budget and performance integration, strategic management of human capital, competitive sourcing, and improving financial performance. Our strongest view is that the combination of all these initiatives pursued concurrently is far greater than the mere sum of the parts. Each element of the management agenda is dependent on the others to assure maximum advantage. As such, e-government and the employment of information technology tools must be a part of this broader management reform framework. This is the context of our vision for the electronic government initiative.

The Vision

This administration's vision is to champion a citizen-centric electronic government framework that will result in an order of magnitude improvement in the federal government's value to the citizen. The vision is results oriented, market based, and citizen centered, as outlined in the President's Budget. To accomplish this vision we must refocus resources to assure that information technology facilitates agency administration

efficiencies, but most importantly, to maximize citizen access. We must simplify business processes to maximize the benefit of technology, resulting in processes that will be faster, cheaper, and more efficient. We must manage information flows and link them across agencies and the Federal government so that we can find and use what we collect now and in the future.

If we can do all these things we will go a long way to fulfill the President's vision of an electronic government framework that truly harnesses the modern tools of the information age. Specifically, we must focus on the following:

Citizen Centric Strategy

E-government must be judged on the value it provides to all Americans. Simply going "on-line" is not useful unless it is built around the needs of the users inside and outside of government. The question is how to make government easier, quicker, cheaper, and more responsive. Our initiatives will address four broad groups:

Individuals: We are focussed on building easy to find one-stop-shops for citizens-- creating single points of easy entry to access high quality government services.

Businesses: We must reduce burden on businesses through the use of the Internet. This is not about building government websites, but rather about being able to communicate with businesses in the language of e-business. We cannot make business report the same data to multiple agencies because government fails to reuse the data appropriately or fails to take advantage of commercial electronic transaction protocols. This can serve to streamline the myriad reporting requirements as well as facilitate a more efficient means for business to do business with the government.

Intergovernmental: We must make it easier for states to meet reporting requirements, especially for block grants, and provide the valuable information the federal government must have to measure the performance and results of national programs.

Intragovernmental: We must automate internal processes to reduce costs for federal government agency administration by

using best practices in areas such as supply chain management and financial management.

Simplifying Processes

Making it easy for citizens to get service is constrained by complicated government procedures. This Committee has highlighted the need for agencies to fix core management problems before investing in information technology solutions. As information flows are managed, consolidated and linked, and before new information technology is applied, it becomes imperative that we re-engineer processes to eliminate redundancy and take advantage of technology – to unify and simplify the process rather than merely automating what has occurred to date. Such a dramatic change in organizations can be difficult but it is the best way to become more efficient.

Bridging Islands of Automation

Chronic management problems in government have resulted from operation in isolation. For example, logistics, procurement, and property disposal functions are integral parts of the same supply chain, but have traditionally been managed as separate functions. Information collection, data mining and analysis, information dissemination, and information preservation have not been seen as part of the same information life cycle. The problems of isolation are only magnified when automation is attempted. Indeed, the IT architectures of the past decade have facilitated isolation such that a branch can operate as its own island, complete with databases and computer power that would have required an extensive data center 15 years ago. We must look to the best practices of business and public management to link these islands into a unified chain.

Information Architecture and Knowledge Management

To reap the benefits of e-government, information must be viewed as a resource. We have always invested in information processing, but information itself must be considered as the investment. This Committee has championed this philosophy for many years and this administration embraces it. In addition, we must start managing our information across our programs and agencies to improve our decisions and our efforts at program evaluation; moving to knowledge management will lead to better service, faster and at lower costs. But to do this requires data standards and a plan to guarantee the systems can

interact -- an information architecture that recognizes the results that investing in information has on agency business processes. These two key features of information management -- knowledge management and an information architecture -- are inherently interrelated processes and must be considered core efforts of any agency movement to electronic government.

Implementation of the Vision

All of this can come together in a strategy to make the government a "click and mortar" enterprise, where on-line applications that serve businesses (G2B), inter- and intra-governmental needs (G2G), and ultimately citizens (G2C) are made more accessible, effective and efficient. In adopting a "click and mortar" model we must use the best practices of industry with regard to customer relationship management, supply chain management, enterprise information management, and management of change.

OMB's new Associate Director for Information Technology and E-Government, Mark Forman, will lead this strategy, focusing on how information is supplied to the government, managed at an enterprise level within and across agencies, and ultimately supplied to citizens in a way that is linked to agency missions and performance goals.

Funding

Agency investment in information and IT must work toward this vision. The President's Budget is clear about our plans to use capital planning to improve performance, achieve outcomes from investments that match agency strategic priorities, and provide real benefits to the public. As major corporations have adapted to the digital economy, business cases and IT capital planning have been critical elements of their transition. These elements will be the core of our transition as well. This Committee has been a leader in promoting IT capital planning and the need for IT projects to have strong business cases, and OMB pledges its full support to these efforts as well.

Many have expressed specific concerns about the funding required to meet the goals and changes of e-government. Given the problems we have had in capital planning over many years, it is inconceivable that we do not have the room to find money to start e-government projects in our current expenditures if we

simply stop funding what is not working. Last year's Federal IT Budget portfolio totaled approximately \$40 billion and included over 600 major projects; this year we estimate that almost \$45 billion will be spent on major IT projects, infrastructure, architecture and planning. As we prepare for the fiscal year 2003 budget submission to Congress, our plan is to discontinue IT investments that are not relevant to agency or multi-agency missions, or are behind schedule, over budget or not delivering intended benefits or efficiencies. The e-government framework must be based on performance.

At the same time, the Administration agrees with the premise of S. 803, that separate agency appropriations for e-government make it difficult to fund cross-agency projects. As such, a \$100 million "e-government fund" is proposed in the President's Budget, with \$20 million proposed for FY 2002, to help leverage innovative interagency projects. If the Congress enacts appropriations for this purpose, the fund would support multi-agency e-government initiatives that are currently difficult for any one agency to bear. The fund will leverage cross-agency work in e-government that serves citizens and businesses, and could drastically improve citizens' ability to access federal services and federal online information. The fund would provide for collaborative e-government activities, supporting missions and goals that affect multiple agencies without introducing interagency funding conflicts. Our ultimate goal is to rationalize and interrelate the \$45 billion currently budgeted for IT. This government-wide fund must tie to IT capital planning and performance standards that are linked to strategic goals and outcomes.

In sum, our proposed e-government fund provides sufficient seed money to begin the effort to establish the larger e-government framework previously described. We believe that the President's funding request is the appropriate amount to begin leveraging current IT spending to make better use of existing agency investments in IT.

S. 803

We welcome this committee's focus on e-government, as it is consistent with many of the same points in the Administration's e-government vision and funding plan. We would like to work with this Committee on crafting legislation that could drive real change in this area. However, while we believe that there are many positive aspects of S. 803, there appears to be a

philosophical difference between S. 803, as introduced, and the President's vision. We see IT and e-government not as a programmatic end, but as a tool to enable the President's vision through enabling open access, efficient government operations, and effective decision-making.

In our judgment, it is crucial that we reverse the trend of stove-piping the IT community from the management work that needs to be accomplished in all sectors of government. We look forward to working with you to ensure that any legislation does not treat e-government as a series of discrete information technology issues. We also look forward to working with this Committee to integrate information technology with broader management and program goals. As stated earlier, this administration views e-government as part of overall management reform, integrated with the other parts of the management agenda in a way that moves government performance forward.

Specific areas of concern that we would like to further discuss with this Committee include:

Performance Goals. We are not sure the bill advances, in any measurable way, the results we are expecting from the "President's Management and Performance Plan." To be effective, legislation on electronic government must contain performance standards. E-government is a means to meet agency strategic objectives, but its value must be judged by the agency's ability to meet those objectives. S. 803 sets out to promote electronic government but requires performance standards to measure the bottom line in terms of agency efficiency and effectiveness.

Creation of Federal CIO. The President believes that the OMB Deputy Director for Management should be the governmentwide CIO because all management challenges are intertwined. This move ensures senior level commitment to IT and information resource management issues. It also guarantees linkage to the budget process, and it assures management attention by agency heads while preserving their authority, and responsibility to the President, to direct their agencies. Similarly the Administration would have concerns with any legislation that would transfer the computer security standard-setting functions of the Secretary of Commerce under the Computer Security Act, as amended by the Clinger- Cohen Act of 1996 (40 U.S.C. 1441). These are the core computer

security functions entrusted to the National Institute of Standards and Technology (NIST) as an expert standards and technology agency unconnected with defense or law enforcement agencies. We would not support shifting those functions, or re-ordering the relative functions of OMB and the Secretary of Commerce as to computer security standards.

As I mentioned earlier, we have created the post of Associate Director for Information Technology and E-Government reporting to the Deputy Director for Management who will work to fulfill the President's vision of using information technology to create a citizen-centric government. As the senior federal e-government executive, he will be responsible for ensuring that the federal government takes maximum advantage of digital technology and best practices to improve quality, effectiveness, and efficiency. He will also lead the development and implementation of federal information technology policy. He will ensure that e-government strengthens the ability of agencies to address customer needs while being attentive to the unique missions of agencies. In deploying e-government he will ensure that the privacy of citizens is protected. One of the post's first jobs is to put together an e-government strategy for the Federal government. We will work with this Committee in developing this strategy and its direction.

Proliferation of Forums. The bill proposes that OMB creates and leads numerous distinct councils, forums, and boards. OMB could currently create any of these on an as needed basis. The administrative costs to maintain all of these groups would be high and their benefit would not be consistent. In addition, their continued presence would take away attention from the work that needs to be done to automate government processes and would often duplicate existing authorities.

Reports. The current version of legislation also has numerous reporting requirements for OMB and the agencies. It is unclear what problems will be solved by establishing more management reporting requirements rather than more efficiently utilizing the extant information. We seek to establish accountability standards linked to measures of performance for electronic government and will work with this Committee to formulate such measures.

The bill also includes a number of provisions with which we agree. We have been actively pursuing several similar

objectives to include the improvements being made at FirstGov, development of a Federal Public Key Infrastructure to provide for interoperability in using digital signatures for agency programs, promotion of geospatial information standards, and issues of access for persons with disabilities in implementing Section 508 of the Rehabilitation Act. We concur that these are important public policy initiatives. Most importantly, the bill highlights an e-government fund similar to that currently proposed by the Administration. The support of this Committee on e-government -- particularly in focusing attention on the need for appropriations that support interagency activities -- is most welcome.

Conclusion

The Federal Government can secure greater services at a lower cost through electronic government. By integrating e-government as part of our management agenda, we can best achieve the promise of electronic government.

The President's e-government initiatives, coupled with the important legislation this committee has championed including the Clinger-Cohen Act, GPEA, GISRA and the PRA, provide sufficient authority for us to make the transformation to an e-government. We look forward to working with this Committee in this effort. Consistent with our strategy, we would also welcome working with this Committee on e-government initiatives that are consistent with the philosophy discussed this morning.

Mr. Chairman, thank you for your time. We look forward to working with Congress and this Committee to reach our shared goal of an e-government framework.

[Committee Members](#) | [Subcommittees](#) | [Hearings](#) | [Key Legislation](#) | [Jurisdiction](#)
[Press Statements](#) | [Current Issues](#) | [1997 Special Investigation](#) | [Video of Select Hearings](#) | [Sites of Interest](#)