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OFFICE OF MANAGEMENT AND BUDGET
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DEPUTY DIRECTOR
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To the International Seminar on State Modernization:

Bom dia. And Hello, everyone. It is a true honor to join you today from Washington, DC to share perspectives from the United States as we work to modernize our Federal government and better serve the people of our country. I'd like to thank Minister Jorge Oliveira and the Government of Brazil for inviting me to share our insights. We deeply value the strong ties and solid relationship between our two nations and look forward to sharing our experiences as we pursue the shared priority of ensuring our governments are responsive to the realities of the 21st Century.

I serve as Deputy Director for Management at the Office of Management and Budget, where I oversee all of the operations across the United States Federal Government, including information technology, personnel, procurement, financial accounting, and a host of other critical enterprise functions. Effectively, I am the Chief Operating Officer of the United States.

I came into government from the private sector having spent most of my career in banking industry, specifically in payments and transaction banking. I came to government knowing that the management challenges would be significant, owing to the political environment and the scale of the enterprise. Not surprisingly, I quickly discovered a range of other important differences that have caused our government operations to evolve in a very rigid and inflexible way.

Consequently, at the beginning of this Administration, my team and I thoroughly analyzed the management challenges facing leaders in Government and asked:

- What are the root causes of these challenges?
- What are the institutional roadblocks and barriers that have caused past modernization efforts to stumble?
- What institutional factors prevent us from delivering against the needs and expectations of our citizens?
- What factors contribute to waste and make fiscal prudence difficult?

Most importantly, we identified the fact that our Federal Government is overly focused on compliance and risk avoidance, and as a result many organizations over time found it

ever more complicated to actually deliver on mission, service, and stewardship values that should be at the heart of our work in government.

To address these challenges, we developed the President's Management Agenda – or the PMA – which is the roadmap for change and modernization across the entire Executive Branch. This roadmap revitalized our focus on MISSION, SERVICE and STEWARDSHIP as our primary management objectives.

The document that we developed showcases WHY we do the work we do... focusing on the people we serve and the missions they value. It reinforces the connection between the ability of government to deliver on the expectations of our citizens, and the trust our citizens have in their government. Our people deserve a modern government focused on mission outcomes, customer service, and accountable stewardship – in short, an effective government that works for them, where they are. This idea is at the core of the PMA, and guides all of our work to improve our government. We purposefully created a document that is full of images of the Americans we serve and the Federal employees who serve them. By doing this, we wanted to reinforce the core principle that the work we do in Government is a means to an end, and should never lose sight of the core elements of MISSION, SERVICE and STEWARDSHIP.

This plan for modernization leverages successful management processes and capabilities from the past, but adds a comprehensive set of activities designed to break down silos in government and better integrate management activities across functions with the goals of concentrating change efforts at the points of maximum leverage. Specifically, the PMA lays out a vision to modernize federal government for the 21st Century by embracing three drivers of change: technology, data, and people. We've focused on these pillars to lay a lasting foundation for real impact.

If you visit our website, PERFORMANCE.GOV, you will see a focus on stories of impact and change, always linking our progress around management topics like technology, data, and people to the impacts they have on the lives of our citizens.

Overview of Key Drivers

The three drivers of change we outlined are the cornerstones of our modernization agenda. The first, information technology modernization, is the backbone of serving the public in the digital age. We worked with the United States Congress to create the Technology Modernization Fund (TMF), which has invested nearly \$100 million in nine smaller modernization projects across six different agencies. These projects use new tools, development approaches, and review processes to ensure IT projects are positioned for success. They focus on tackling legacy technology problems by adopting commercial solutions, enhancing cybersecurity, and building in flexibility. More importantly, these projects are aligned around user-centered design principles. One project, for example, is a

revamped set of services available through the website www.farmers.gov. This solution offers a “one-stop-shop” for America’s farmers, ranchers, conservationists, and private foresters, from self-service applications to business tools – a platform that serves our citizens right where they are. Similar projects have modernized legacy systems and tools at the U.S. Department of Housing and Urban Development and the U.S. Department of Energy.

The second driver of change, data, addresses one of our greatest, yet perhaps most underutilized, asset. In December, we released the first ever Federal Data Strategy that lays out a multi-year plan to transform how the U.S. Government invests in, manages, and uses data. Our strategy aims to build a culture within government that values and promotes the public use of data; ensures data is governed, managed, and protected; and promotes the efficient and appropriate use of data sets across our Federal enterprise. Though the Federal Data Strategy represents a monumental step forward in our approach to data, we still have much work to do in improving sharing within government and making government data available to the private sector.

Perhaps our most critical area of change relates to people. Our third driver of change addresses a range of foundational issues that affect our government’s ability to ensure that we have the “right people, with the right skills, in the right roles” to pursue our Mission, Service and Stewardship objectives. Our rigid Civil Service system was originally designed in the 19th Century, and it’s most recent fundamental overhaul was done in 1979, long before many of the jobs and job requirements of today were even around. Archaic hiring policies hamper our ability to get the right people, misguided application of outdated rules and regulations make it difficult to reskill our employees, and inflexible rules and technology barriers make it hard for us to support the flexibility our workforce requires in the 21st Century. Similarly, inadequate performance management capabilities limit our ability to reward our best employees for their outstanding efforts, while also preventing us from appropriately dealing with employees who abuse their positions or betray the trust of the people we serve.

In our efforts to address the shortcomings of our human capital framework, we have empowered agencies to fill critical positions necessary for long-term security, competitiveness, and advancement. To name a few examples of policies and pilots we have introduced, we have implemented new direct hire appointing authorities to support Science, Technology, Engineering, and Math (STEM) and cybersecurity positions; we executed the first-ever Cyber Reskilling Academy and received over 1,500 applicants for a cohort of 25 students; we have focused on defining a baseline for how agencies address poor performers, distribute financial awards, and hire staff; and all along the way, we have used existing authority to remove barriers and fix processes where we can.

We also are developing greater capabilities to respond to the customers we serve and the workforce that serves them. Our annual employee survey shows that more than 90

percent of surveyed federal employees affirmed their belief in the importance of their work and 96 percent are willing to put in extra effort. However, these same employees report chronic dissatisfaction with key aspects of their federal service. More than 60 percent of surveyed federal employees are dissatisfied with the government's ability to reward performance, deal with poor performers, and promote core principles of merit-based employment. To address this, we have pursued policy changes that fundamentally reconsider how we rate performance, promote, and award achievement.

In addition to these three primary drivers, we have established 11 other Cross Agency Priority – or CAP – Goals to drive progress government-wide. Some of the notable examples include:

- Shifting Work from Low to High Value – greater use of automation and deregulation.
- Shared Services – focusing on payroll and grants.
- Customer Experience for High Impact Services – focusing on 30 programs with highest interactions with the public (e.g., TSA airport screeners, social security offices).

Reform and Reorganization

In addition to the PMA, which focuses on management and administrative change, we also proposed a series of bolder legislative reforms. I'll give you two examples of areas where we have pursued an aggressive reform and reorganization plan focused on overhauling our central personnel office to address structural issues and re-focus on its core mission – supporting our workforce in achieving the mission.

The first area relates to the challenges we face in collaborating with the private sector and academia on innovative solutions to the management challenges of government. Much of the innovation in other areas of government, whether in space exploration or the defense or intelligence missions, have benefited from close collaboration and applied research activities that cross the public and private sectors and build on the academic research from world class academic research institutions. To apply this model in the government modernization realm, we created a new organizational entity called the Government Effectiveness Applied Research Center (GEAR Center), to catalyze private sector investment in innovation around IT, Data and People.

The second example involves a consolidation and rationalization of our core management organizations. Over the last 40 years, well-intentioned but overzealous laws and regulations have multiplied, tying the federal personnel system into bureaucratic knots. The result is a personnel system that cannot meet the needs for today's federal workforce. We have determined that workforce reforms start with the transformation of the U.S. Office of Personnel Management (OPM). Created more than 40 years ago, OPM was

designed to protect merit-based employment principles for 2.1 million federal workers and administer health and retirement benefits for millions. Until now, OPM employees have faced the impossible task of delivering 21st Century human resource (HR) solutions with 20th Century organizational tools and technology.

The solution to these structural challenges is a merger between OPM and the U.S. General Services Administration (GSA). The idea for a merged government services agency is not new. Past Democratic and Republican administrations have considered similar proposals, but opted instead for modest, cosmetic fixes that failed to address underlying problems. Current structural challenges leave OPM in an unsustainable long-term position, incapable of delivering mission-critical federal workforce support. So, now is the time for true reform.

We also learned from many state and local governments as well as other countries who already combine support services under a single agency, effectively integrating HR with other support services. It is important to note that this reform will not result in layoffs of employees and it will not undermine merit systems protections. Rather, it seeks to acknowledge and address the technology, operations, and financial risks that already affect OPM's ability to uphold these same principles.

In reality, failure to act and transform is the biggest risk the federal workforce faces.

Other Reform Efforts

While we are working on large-scale changes, we are also focused on delivering results that Americans can see and feel. For example, we improved technology and business processes such that the Board of Veterans Appeals issued 62% more decisions in FY18 than FY17 – a historic number of answers for our military veterans. We simplified how small businesses get certified for Federal contracts within our Small Business Administration, reducing burden. We implemented new online solutions to replace legacy systems and eliminated paper and mail-based applications. The result? More efficient processes that save entrepreneurs time to focus on their business.

We have continued to leverage the government's performance framework to clarify success through agency strategic objectives and annual strategic review meetings with agencies that incorporate the results from agency's enterprise risk management analysis. We are also committed to transparency – all of our plans are available on PERFORMANCE.GOV with updates on our progress reported each quarter. Delivering on a multi-generational vision is a long game, but our measure of success, even along the way, is how we are helping to deliver mission, service, and stewardship for the American people.

Thank you again for welcoming our perspectives and for your commitment, like ours, to ensuring government adapts to the ever-changing realities impacting the lives of our peoples. We look forward to continued dialogue and partnership.

A handwritten signature in black ink, consisting of a series of stylized, overlapping loops and a long, sweeping horizontal stroke that extends to the right, ending in a small upward flick.