

# **MEMO #1**

## **STRENGTHENING THE CENTER OF GOVERNMENT: A Government-Wide Strategy to Improve Performance**

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**M**any of the challenges highlighted throughout this volume call for strong policy and management leadership at the center of government. Lack of coordination may lead to policies that work at cross-purposes, lack of clarity about responsibility for policy implementation, and a failure to turn decisions into action. Modern governments need mechanisms to ensure consistency and follow-through, and these require a strong center capable of providing clear direction to far-flung agencies and to coordinate their activities and communications.<sup>2</sup>

No one runs for president in order to manage the government. Presidents prioritize policy and adoption of their priorities as the essential building blocks to gain and sustain public support. However, whether they focus on it or not, problems and challenges in implementing and managing those programs can come back to haunt them and their political prospects. Implementation failures in responding to Hurricane Katrina, managing the roll out of President Obama's health reform, and responding to the long wait times experienced by veterans seeking health care from the Department of Veterans Affairs show what may happen when the White House is cut off from the realities of governing at the front lines of our system (Kamarck, 2016).

### **Central Institutions in the U.S. Federal Executive**

These policy disappointments and shortfalls do not mean that effective governing institutions are absent at the center of our government. In fact, the federal government has built a premier set of institutions to coordinate development and communication of new policies and to follow through on policies established by the President and Congress. It has led a series of government-wide management initiatives, some mandated by Congress, to direct systematic improvement in the enormously complex tasks of managing a modern government.

Although its work is often unappreciated or misunderstood, the Office of Management and Budget

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<sup>2</sup> Here is the problem as summarized by the World Bank's Center of Government Solutions Group established in 2015: "Few tasks are more important for the effective functioning of government as a whole than coordination at the top of the executive branch. When performed well, collective expertise from across the public sector is mobilized and brought to bear on the most pressing decisions confronting the country. Ministries, agencies and departments with a stake in a particular issue are consulted, and their views and technical knowledge are fully integrated into the decision process. Senior officials have the opportunity to thoroughly weigh and review various options, and to fully understand their legal, financial and policy implications. Once decisions are taken, ministries move forward with a clear set of directives and adequate resources to implement them effectively. See <http://www.worldbank.org/en/topic/governance/brief/center-of-government-global-solution-group>).

(OMB) is the nerve center: preparing the federal budget for the President, but increasingly also overseeing management for a government that has become ever more complex and far flung. OMB plays an essential role in the first initial months of the Administration when the President's agenda is being set. OMB is designed to carry out the President's instructions, if the White House will give orders. The White House staff is too small, too busy, and lacks institutional memory and detailed knowledge of government's operations. As a result, a new Administration especially runs a big risk of re-inventing the wheel. Moreover, in the West Wing "urgent" matters drive out more important matters. By contrast, OMB has the institutional knowledge and institutional memory both to see the issues from the President's viewpoint and to provide sound analysis and vetted options.

For every President, OMB performs many tasks critical to effective performance. OMB's knowledgeable, neutral civil servants work for the President, as opposed to executive agencies, who are tied to specific programs and interest groups. OMB, helps the President coordinate policy and communications within the executive branch, in part to ensure that an Administration 'speaks with one voice' to Congress and the public. OMB's legislative review process coordinates the Administration's policy communications with Congress, and its reviews of draft regulations perform a similar coordinating role.

OMB's work on the President's budget is indispensable to implementing the President's agenda. OMB is the central institution that provides a first-line review of agency requests; and its Director is an internal insulator, so that the President doesn't always have to say no. OMB staff work at nearly at the speed and complexity of the White House. Importantly, OMB organizes and leads annual decisions on resource and policy priorities in preparing the President's Budget. Their central role in the budget process gives OMB critical expertise and leverage in working across the agencies to coordinate policy development and implementation.

OMB shapes and coordinates policies for the government's financial management, agency strategic planning, and other management functions. OMB works with the President's Management Council comprised of agency deputy secretaries and management councils comprised of agency Chief Financial Officers, Chief Information Officers, chief procurement executives, and performance improvement officers. Coordinating policies and guiding government-wide improvement in each of these management functions helps ensure that the government's performance meets expectations of the President and the public.

OMB, like other center of government institutions, is stretched and under strain. OMB has a staff of only 500, fewer than when John Kennedy was President, notwithstanding exponential growth in the size and complexity of the federal government. As the White House staff has grown in both numbers and functions, Presidents increasingly rely on their own policy councils to develop policy and pursue its adoption. While those offices still heavily depend on the unique expertise of OMB, the agency's former primacy as the President's neutral policy advisor has been eclipsed by political staff loyal to the President. At the conclusion of this memo, we offer a number of recommendations to strengthen the central policy development and implementation role of OMB, partly based on a new report by the Partnership for Public Service.

## Meeting the Challenges to Effective Governance

Recent trends in policy making only accent the importance of having strong central policy management institutions with a consistent, focused approach to delivering improved performance. Some challenges arise from the fragmentation and cross purposes inherent in a large, complex executive bureaucracy with many competing missions and priorities. Another set of challenges arises from the growing complexity and degree of difficulty of both the ‘wicked’ problems government must manage and correspondingly from the complexity of policy responses to those problems. Meeting these challenges requires a strong center of government.

The policy challenges facing the federal government require the combined efforts of multiple agencies within the federal government, effective collaboration with non-federal partners, and sustaining this collaborative work – transcending formal organizational boundaries – over the entire cycle of policy from inspiration through design and resourcing and, after enactment, through delivery.

As noted earlier, recent policy history has been marked by checkered results, including notable failures such as Hurricane Katrina and health reform’s implementation. However, there have been some equally notable success stories. For instance, the formation of the eGov team in OMB following the abortive health reform website launch succeeded in ultimately resolving early problems and in heading off similar problems in other agencies. The temporary partnership across federal agencies and state and local governments led by Vice President Biden’s office was instrumental in expediting the spending of \$800 billion in federal funds to jump start the economy following the Great Recession of 2008 with little fraud and abuse. However, these *ad hoc* partnerships were not sustained or institutionalized to help the nation implement other important program initiatives involving multiple agencies and levels of government.

The challenges of managing the executive branch and addressing the multiple mandates on executive agencies to strengthen particular aspects of administration have multiplied. Congress has hardly neglected the task of overseeing and trying to improve management of the executive branch; a series of congressional acts have worked as intended to remedy previous failures and to strengthen and professionalize particular dimensions of government management.<sup>3</sup> While Congress deserves credit for these management reforms, each new statute has created new offices headed by statutory chiefs, new professional standards, and new required procedures and reporting. To counteract the tendency to stovepiping and fragmentation, these newer management functions must themselves be coordinated and then integrated with ongoing core policy and program management processes.

## A Framework for Central Governance

The foregoing suggests that policy coordination and management is not easy in our system. As we move into the new Administration, it would be helpful to reconceive the policy responsibilities of the executive as a *continuum* – beginning on the front end with strategic foresight and planning to inform

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<sup>3</sup> A recent list of such legislation includes the Chief Financial Officers Act of 1990 establishing Chief Financial Officers in the agencies, the Federal Acquisition and Reform Act of 1995, the Federal Financial Management Improvement Act of 1996, the Information Technology Management Reform (Clinger-Cohen) Act of 1996 establishing agency Chief Information Officers, the eGov Act in 2002, the Government Performance and Results Act Modernization Act of 2010 establishing agency Performance Improvement Officers, the Federal Information Technology Acquisition Reform Act of 2014, and the Digital Accountability and Transparency (DATA) Act of 2014 (for a listing of 26 major statutes governing executive branch management see Partnership for Public Service, pp. 34 – 35).

policy development and budgeting, including vetting major new policy ideas prior to launch, and continuing after policies are enacted through law or regulation with an integrated approach to organization, management, and delivery. Often this will involve coordinating the actions of multiple programs and agencies at the federal level and fostering effective collaboration with intergovernmental and third sector partners (see Abramson essay and Van Lare and Conlan essay in this volume). The central institutions of our government – the West Wing, its policy councils, and especially OMB – must orchestrate the collective execution of policy all along the continuum.

The framework we have in mind would be based on the statutorily defined and well-established processes of the Government Performance and Results Act Modernization Act (GPRAMA) already used by the agencies and OMB to set policy and performance goals.

***On the front end***, the new Administration, led by OMB's Deputy Director and consulting with Congress, should use the statutory tools provided by the GPRAMA to set cross-agency performance (CAP) *outcome* goals that align with the Administration's major national policy objectives. These will establish targets for improved policy outcomes, along with specific policies and strategies for their achievement. These goals and targets should become the central units of analysis for budget formulation and planning:

- The government-wide outcome goals should be used to inform the development of the President's budget which is now largely organized by agency and budget account. The crosscutting goals should be used as the basis for a portfolio budget where all agency policies and programs are reviewed based on how well they contribute to effective performance in achieving these national priority policies (see Posner and Redburn essay in this volume).
- As agencies prepare their new strategic plans during the first year of the Administration, OMB should work with them to ensure that their strategic objectives are consistent with the government-wide goals that are set by central policymakers. Collectively, these strategic objectives will constitute the bottom line expectations for what the federal government will deliver over the next four years.

***On the back end***, each Administration should establish a set of cross-cutting management support functions and drive their implementation from the center, identifying these as the President's management agenda, to be set in place in the first months of the Administration and pursued relentlessly. As in the Obama Administration, CAP goals should include cross cutting management initiatives such as improving customer service, addressing hiring and other key human resource management problems, and enhancing the management of IT resources.

- This agenda should be championed from the White House and led internally by an OMB with the capacity and focus, through its Deputy Director for Management and using the budget process, to effectively guide and resource agencies' execution of the agenda. Formulation of the President's budget can galvanize attention from the agencies and the White House to management and implementation challenges. Efforts have been made in recent Administrations to promote greater attention to management issues in the budget process.
- To monitor and drive agency performance, OMB should continue the process begun in the past

several years to orchestrate agency reviews of their strategic objectives. Such reviews should be guided by central criteria articulated by OMB through the President's Management Council. OMB should work with agencies to ensure that their reviews encompass the influence of other agencies and crosscutting policies on the efficacy of agency performance.

**Internally**, the consultative role of the Performance Improvement Council (PIC) of agency PIOs in helping agencies plan and think strategically should be strengthened with additional responsibility and staff capacity. OMB can be bolstered to more effectively lead on the cross-cutting elements of the President's management agenda, but it cannot do so alone. To deliver on policies that cut across organizational boundaries, the Administration must replicate successful interagency collaborations, such as those that have over the past two Administrations sustained a national effort to reduce and end chronic homelessness, nearly cutting homelessness among veterans in half. Such successes depend on a combination of carefully executed, centrally driven actions that include establishing a clear strategy based on evidence of what is cost-effective, setting an achievable goal matched with adequate resources, and communicating that goal and strategy to federal partners at the state and local levels. To amplify and translate its management guidance, it should consider empowering the President's Management Council, made up of department and agency deputy secretaries, to take ownership and responsibility for government-wide initiatives to improve performance and to integrate each agency's internal management improvement and program execution functions as it finds best.

**Externally**, the Administration's policy priorities should be presented in terms that allow the public and Congress to assess whether national policy objectives are being met, thereby aiding the large task of restoring public understanding and trust in government's ability to deliver for the nation on its commitments. Performance must be tracked and reported in real time in a more visible and meaningful way, using today's technology to transform sites like *performance.gov* so they provide useable windows into government's progress in delivering promised results. Innovative methods to tap and make visible the public's collective wisdom and expert advice should be led from the center (cite Noveck piece in this volume).

Significant pieces of this framework have been developed and implemented by recent Administrations. For instance, the Obama Administration has stood up reviews of agencies' strategic objectives, building on lessons learned from the Program Assessment Rating Tool developed under the Bush Administration. The Obama Administration has also developed a set of crosscutting program and management goals following the enactment of the GPRAMA of 2010, and has succeeded in gaining support for high-level executive staff to help manage achievement of these goals. The framework we have in mind would build on these elements by using them as central features for budget formulation and management oversight by OMB and the Administration.

## **Recommendations**

Our analysis suggests the following actions be taken by a new Administration to strengthen the center of government and thereby improve government's performance and chances for successful delivery on its promises:

1. In the first few months, set cross-agency performance goals corresponding to the major policy and management improvement priorities of the new President, and use these CAP goals to

inform both substantive policies and management initiatives constituting the President's management agenda.

2. In the first year, work with agencies preparing new strategic plans that specify strategic objectives laying out in measurable terms the Administration's policy priorities and the outcomes they plan to achieve in the coming four years.
3. Use the cross-agency goals as a basis for conducting portfolio reviews when formulating the President's budget.
4. From the outset of the new Administration, relentlessly pursue a clearly defined Presidential management agenda focused on improved delivery.
5. Strengthen OMB by integrating budget and management functions and by focusing on policy design, budgeting, and implementation as a continuum.
6. Integrate policy processes and management initiatives by strengthening the President's Management Council and other integrative bodies and having them take ownership of the President's management agenda.
7. Engage Congress more effectively to help support and its oversight responsibilities, and work with it to streamline and integrate legislative initiatives to improve management functions.

## References

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