

September 14, 2018

The Honorable Margaret Weichert
Deputy Director for Management
Office of Management and Budget
The White House
Washington, D.C. 20500

Dear Deputy Director for Management Weichert:

In response to OMB's request for information on the Government Effectiveness Advanced Research Center, I am writing to share my personal reflections and some suggestions that a group of organizations and individuals have been discussing on how OMB could collaborate with state and local governments to achieve the goals of the President's Management Agenda (PMA) in health, human services, and other social programs. These organizations and individuals include:

- The American Public Human Services Association, led by Tracy Wareing, which represents state and local leaders of health and human services agencies and has a strong history of collaboration with federal policymakers.
- Project Evident, led by Kelly Fitzsimmons, which is helping non-profit service providers use data and evidence to improve outcomes.
- Amy O'Hara, now at Georgetown University's Massive Data Institute, where she is leading a project to develop common standards and protocols for securely sharing government and private sector data to foster research that answers important questions.
- Nick Hart, who leads the Evidence Project at the Bipartisan Policy Center.
- Third Sector Capital Partners, Inc, led by Caroline Whistler and George Overholser, which is working with state and local governments to expand pay-for-results contracting for social services.
- John Kamensky, Don Kettl, Robert Shea, Andy Feldman, and David Mader from the National Academy of Public Administration, who are interested in helping OMB strengthen the intergovernmental focus of the President's Management Agenda.

As a former OMB Deputy Associate Director for Education, Income Maintenance, and Labor and inaugural head of the OMB Evidence Team, I know first-hand that OMB lacks effective mechanisms for collaborating with state and local governments. There is no one inside OMB responsible for coordinating programmatic (budget side) issues with government-wide (management side) issues to ensure they create the enabling conditions for state and local governments to become more results-focused.

In my recent [article](#) in the ANNALS of the American Academy of Political and Social Science, “The Office of Management and Budget: Quarterback of Evidence-Based Policy in the Federal Government,” one of my criticisms of the Obama administration’s evidence-based policy initiatives was that OMB failed to create and institutionalize a process for collaborating with states to accelerate the use of data and evidence to improve programs. In that paper, I recommended creation of an Intergovernmental Evidence and Innovation Council to develop actionable strategies for advancing state and local innovations on pressing national priorities, such as reversing the opioid epidemic. Management policies governing information technology, data collection, data-sharing, grants accountability, and outcome-based contracting would be critical focus areas for such a council.

OMB’s GEAR Center concept has some of the same features as this proposed Intergovernmental Evidence and Innovation Council. It would be co-created with non-federal partners, receive philanthropic funding, and draw insights from top researchers and innovative state and local governments that could help improve the effectiveness of federal programs. As proposed, however, the GEAR Center concept focuses on improving direct federal operations and does not address the modernization needs of most state and local governments that administer federal programs.

The majority of the \$700 billion in federal funding that flows to states is focused on programs for low-income populations that are spread across HHS, DOL, USDA, ED, and HUD. Most state and local jurisdictions, regardless of what party controls them, are extremely frustrated by uncoordinated program silos, conflicting or obtuse federal rules, and outdated federal processes that impede their capacity to use taxpayer dollars most effectively. In order to improve outcomes and results, state and local governments need to build data infrastructure, redesign business processes, and adopt a test and learn approach, using the same principles articulated in the President’s Management Agenda. For health, human services, and other social programs, several PMA priorities are especially relevant: improving the customer experience, shifting from low-value to high-value work, developing results-oriented accountability for grants, and getting payments right. State and local governments cannot make progress without constructive collaboration with multiple federal partners who oversee *programmatic and government-wide management policies*.

Unfortunately, it is no one’s job federal government to understand the challenges that states and localities face in navigating uncoordinated federal requirements. OMB is the only agency positioned to convene the key federal actors – from the various management units, the RMOs, and the agencies – who would need to work together to eliminate impediments and enhance incentives for outcome-focused innovation in low-income programs. Many of the solutions to helping state and local make progress may not require “advanced research”, as envisioned by the GEAR Center. Instead, promising solutions can emerge from serious problem-solving conversations among committed federal, state, and local players who are empowered to devise new ways of doing business.

With that background, I and the organizations above believe that significant progress could be made on the President's Management Agenda by enlisting state and local governments as partners to devise non-partisan, intergovernmental solutions to modernize human services. This could be accomplished by designating an organization outside the federal government to establish – formally or informally – an Intergovernmental Human Services Innovation Forum, which relevant federal officials from OMB and agencies would participate in. A key focus would be on identifying path-breaking approaches that leading state and local governments are adopting and then identifying specific, coordinated actions the federal government could take to facilitate broader adoption by other jurisdictions. A few philanthropic organizations have expressed interest in funding this work. The forum could be a component of the GEAR Center or conducted as a sister initiative (involving individuals with programmatic and management expertise).

One way to make quick progress would be to work with APHSA and NAPA to launch a series of problem-solving roundtables with federal, state, and local officials, researchers and data scientists, and industry representatives on important topics that could attract funding from foundations. Potential topics, where participation would vary depending on the issue, would be:

- ***IT modernization and data capacity in social programs:*** **How can federal, state, and local governments adopt coordinated approaches for strengthening their capacity to integrate and use data for better decisions?** This roundtable could examine what leading states (e.g., Washington, South Carolina, Michigan, Indiana, Mississippi, and Massachusetts) and localities (e.g., Allegheny County) are doing to integrate data across programs and use it to coordinate services, streamline enrollment processes, build predictive analytical models, improve cyber-security, evaluate interventions, and support outcome-based contracting. It could explore potential actions the federal government could take to enable more jurisdictions to integrate their data, such as clarifications or waivers of OFFM cost-allocation rules; co-creating standard RFP templates to ensure state and local data systems are interoperable and shift toward common data exchange standards; co-investment in an on-line library of data-sharing MOUs; and pilots that demonstrate efficient approaches to linking data across programs and levels of government to answer important policy questions.
- ***Evaluation capacity:*** **How can federal, state, and local governments build capacity to test and learn to support innovation and improvement in social programs?** Successful implementation of many new federal social programs (e.g., Families First, ESSA, WIOA, SIPPPRA, Reemployment Services) will require state and local governments to create capacity to use and build evidence about what works. This roundtable could examine what leading jurisdictions have done, including those that have built in-house capacity (e.g., Washington State, Allegheny County, Lab@DC) and those that have formed partnerships with leading research universities (e.g., CA, CO, GA, MI, RI). Lessons from

these examples could inform new ways for federal, state, and local governments to collaborate, such as creating shared learning agendas (i.e., combining top-down and bottoms up evaluations on important issues such as opioids); creating networks of jurisdictions tackling similar issues that could participate in multi-site evaluations; and having OMB and federal agencies clarify that programmatic funds may be spent on data and evaluation activities focused on improvement.

- ***Results-oriented accountability for grants: How can leading state and local governments co-design, with federal partners, outcome-based accountability pilots that increase accountability for results while eliminating unnecessary compliance reporting?*** States such as MI, WA, and MA that can use integrated data systems to report on outcomes (e.g., employment, education, health, criminal justice involvement) are eager to engage on this, and local jurisdictions such as Allegheny County and San Diego also offer exciting possibilities. In co-designing results-oriented accountability pilots, federal, state and local partners would likely discover outdated reporting requirements that are not useful for any purpose, which could be eliminated for all grantees.
- ***Outcome-based contracting: How can federal, state, and local governments collaborate to remove impediments to outcome-based contracting?*** Innovative state and local governments such as Denver, San Diego, UT, MA, and others are starting to use pay-for-results contracts to increase the impact of existing government investments. They are identifying federal requirements that impede their progress (e.g., process-focused compliance activities and Federal Acquisition Rules that were not developed with social programs in mind.) After identifying the key barriers that federal and state rules create, a roundtable could consider how a team of contract and program officials from OMB and state and local government could collaborate on a redesign of procurement regulations and compliance processes for outcome-based contracts in social programs.
- ***Waiver demonstrations and Performance Partnership Pilots: What are the lessons from past waiver demonstrations and Performance Partnership Pilots that should inform future pilots to encourage outcome-focused innovation?*** Over several decades, different federal agencies (ACF, FNS, CMS, SSA) have used different approaches to providing waivers to states and localities in entitlement programs to test new strategies and evaluate results. In discretionary programs, Performance Partnerships for Disconnected Youth were jointly implemented by ED, DOL, HHS, DOJ, and HUD beginning in 2014, but many observers believe the agencies set up rigid, bureaucratic hurdles that have undercut the goals of the initiative. This roundtable could identify the best and worst experiences from these efforts – from the perspective of federal, state, and local governments -- and draw lessons that can be used to improve how waiver demonstrations and Performance Partnership Pilots are carried out in the future.

Problem-solving around these topics would support many of the President's Management Agenda objectives that are equally important at the state and local level, including improving the customer experience, shifting from low-value to high-value work, strengthening results-oriented accountability for grants, and getting payments right.

The organizations and individuals above would welcome the opportunity to discuss these ideas with OMB and relevant federal agencies. Please let us know how we can help you and key staff across OMB to advance the President's Management Agenda in human services programs.

Sincerely,

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