

CENTER FOR AMERICAN PROGRESS

REMARKS ON GOVERNMENT REFORM AND FISCAL RESPONSIBILITY

**INTRODUCTION/MODERATOR:
TOM DASCHLE,
DISTINGUISHED SENIOR FELLOW,
CENTER FOR AMERICAN PROGRESS**

**SPEAKER:
PETER ORSZAG,
DIRECTOR,
U.S. OFFICE OF MANAGEMENT AND BUDGET**

**TUESDAY, JUNE 8, 2010
10:30 A.M.
WASHINGTON, D.C.**

*Transcript by
Federal News Service
Washington, D.C.*

TOM DASCHLE: Good morning. I'm Tom Daschle and I join with all of our members at CAP in welcoming each of you here this morning. We're privileged to have OMB Director Peter Orszag with us.

Peter will be announcing important new reforms that the administration will be undertaking over the coming months. But before I introduce him, I want to say a few words about the importance of building more effective, efficient federal agencies.

The government can produce greater results and save money in two main ways. The first is focusing on performance and prioritizing returns. The second is eliminating or reforming misguided spending programs.

Think about health care for a moment. We've just enacted landmark legislation to bring affordable coverage to all Americans. President Obama and the Congress deserve great credit for this and we should celebrate the accomplishment. But the legislation alone, as good as it may be, does not guarantee success. Policies may be smart and well-crafted but they will fall short if government is not ready to execute.

The story of the Veterans Health Administration underscores this point. When President Clinton, the VHA provided substandard, and some would say woeful, care to our nation's veterans. But the new leadership quickly put in place management reforms and new performance incentives and adopted open-source software to manage patient records. Today, the Veterans Health System is widely viewed as a model of efficiency and effectiveness, delivering superior care at lower cost. No new legislation was adopted; just better management practice.

The Health and Human Service administration and other federal agencies as well as partners in state governments are just starting the long and difficult process of implementing health-care reform. We must give as much attention to this process as we did in passing the legislation.

The same, of course, is also true of other important legislation, from reform of financial regulation to energy and climate legislation to infrastructure investments. If we're to reach our goals, we must give priority to improving government management and operations. We must be ready to execute.

The Center for American Progress recently launched a new project called Doing What Works that aims to advance this very objective. This project is identifying misguided spending programs and tax expenditures that should be reformed or actually eliminated. We're also exploring ways to improve policy decisions through better performance assessment and greater public engagement.

We want government to be more effective but we also undertake this work in recognition of our fiscal problems. Now, more than ever, it is important that the federal government spends money wisely. The government needs to operate more intelligently and more efficiently, whether that be in health care, energy, education, defense or other priority areas. Our fiscal challenge demands that government direct resources where they are needed the most to efforts that generate the greatest return.

Peter Orszag and the Obama administration are working to build such a government. The administration has already taken a number of important steps to set high-priority goals, strengthen performance evaluation, cut waste in federal contracting and make better use of information technology.

Today, Peter will discuss the next steps in the administration's effort to improve and modernize the way government does business. As director of the Office of Management and Budget, Peter oversees the administration's budget and management agenda and coordinates implementation of major policy initiatives across the federal government.

Previously, Peter served as the director of the Congressional Budget Office from January of 2007 to December of 2008. Under his leadership, CBO significantly expanded its focus on areas such as health care and climate change.

Prior to CBO, Peter was senior fellow and deputy director of economic studies at the Brookings Institution. And during the Clinton administration, he served in several roles, including as special assistant to the president for economic policy and as senior economist at the president's Council of Economic Advisers.

With Peter's leadership, the commitment of President Obama and the determination of many of you in this room, I believe we can make profound and lasting change in the way government works. If the American people see this change and tangibly benefit from it, we can then begin to earn back confidence in government, which is so important for the health of our democracy.

Thank you, Peter, for undertaking this important effort. The stage is yours. (Applause.)

PETER ORSZAG: Thank you, Tom, and it's good to be back here at the Center for American Progress.

Many of you may not know that my first experience working for the federal government occurred when I was a senior in high school, when I got an internship with a senator that I never heard of from a state I had never been to. I was fortunate that spring because that office – Sen. Daschle's office – was very much like the man who stands before you today: open to debate and good ideas and inclusive.

My workspace has since been upgraded from Tom Daschle's mailroom to an office in the Eisenhower building. And when I moved into that office, I have to admit that I took down a picture of President Eisenhower and put up a portrait of Alexander Hamilton.

Among his many other accomplishments, Hamilton wrote the very first of the 85 Federalist Papers. And in the very first line of that document, Hamilton laid out why the United States needed a new form of government. It wasn't because the founders had any doubts about the basic idea of democracy. Instead, it was, as he put it, because of the "unequivocal experience of the inefficiency of the subsisting federal government." There it is in the very first line of our founding narrative: a practical concern for the delivery and performance of the federal government.

And it is that enduring struggle to create a federal government that is of, by and for the people – and that accomplishes those goals in cost-effective and efficient manner – that I want to discuss today.

See, too many times in Washington, we spend more time developing and debating which policies to adopt than we do actually figuring out how to implement them. But in reality, execution matters – and matters a lot.

Let's take the recovery act as an example. One of the largest pieces of domestic legislation in recent memory, it was designed to jumpstart economic activity and prevent another Great Depression. And it is as complex as it is large in dollar amount.

The evidence strongly suggests that the recovery act has succeeded in reviving economic growth. For example, we've seen a swing in the change in GDP from an average decline of 6 percent on an annualized basis at the end of 2008 and the beginning of 2009 to an average growth rate of more than 4 percent a year later. That's the largest one-year swing in GDP in three decades.

And what has been most striking about this is that for an initiative this large and novel, there have been no significant incidences of fraud or abuse. This, I believe, is to the credit of "Sheriff Joe" – our vice president – who has made it his mission to make sure that the recovery act is implemented swiftly and effectively.

Just as the dog that doesn't bark doesn't get any attention, effective implementation like this does not garner much headlines. But it is central to making government work better, reducing waste and actually delivering the services people want and need.

That is why from curbing the use of no-bid contracts to reducing improper payments, from changing how we hire federal workers to how we purchase and use information technology, the president has undertaken a far-reaching effort to modernize and reform government. And we are lucky to have Jeff Zients, the nation's first chief performance officer, overseeing this effort.

The effort is necessary for three reasons. First, we have massive national challenges that require national responses: laying the foundation for long-term economic growth, reducing the cost of and improving the quality of health care, improving the performance of our schools, protecting our homeland, and the list goes on and on.

Second, just as the American people expect more to be done, they are skeptical that it can be done – at least by the government. According to the Pew Center, from 1987 until 2007 – with one very brief exception immediately following the 9/11 attacks – about two-thirds of Americans believe that “when something is run by government it is usually inefficient and wasteful.” In effect, Americans have determined that their government cannot deliver what they want, which is an unsustainable fact for the life of our democracy.

Third, and perhaps just as importantly, as stewards of the American public’s tax dollars, we cannot afford to waste money on programs that do not work, that are outdated or that are duplicative of one another.

And yet, right now, there are over 110 funded programs in science, technology, engineering and mathematics education across 14 different departments and agencies within the federal government; over 100 programs that support youth mentoring scattered across 13 agencies; and more than 40 programs located in 11 different departments with responsibility for employment and training.

This type of redundancy wastes resources and makes it harder to act on each of the underlying worthy goals that the programs are aimed at. That’s one reason why the administration has put forward more than \$20 billion in terminations, reductions and savings in each of the fiscal year 2010 and 2011 budgets.

And I note that while recent administrations have succeeded in only obtaining about 15 to 20 percent of the proposed discretionary reductions that they proposed, in 2010, working with the Congress, we achieved a 60-percent success rate on the discretionary cuts that we had put forward.

This type of redundancy and waste is also why the president two weeks ago put forward a new proposal for expedited rescission authority so that we can act quickly and efficiently to remove unnecessary and wasteful programs.

Now, let’s be clear: Reducing this waste will not close the significant budget gap we face. But that fact does not absolve us from the responsibility and the obligation we have to use funds wisely.

What’s driving these trends and the skepticism so many of us have about government? One important reason is that over the years, Americans have seen huge advances in efficiency and technology both at work and in their daily lives at home. They have witnessed the movement from one-size-fits-all mass production and secretarial pools to just-in-time customized manufacturing and instant communications. Organizations outside government have experienced impressive advances in productivity and have become more responsive to their customers.

The government, however, has not kept pace. Let’s look at the facts: Public sector productivity matched the private sector’s until about 1987. In the late 1980s, however, something changed. From 1987 until 1995, private sector productivity rose by an average of 1.5

percentage points per year. Meanwhile, the public sector's productivity rose by only about a third as much – 0.4 percentage points per year – over the same period.

At that point, reliable data on public sector productivity become unavailable because the Bureau of Labor Statistics – paradoxically, as part of a cost-cutting effort – stopped collecting the numbers.

But the best analysis we have, from the McKinsey Global Institute, suggests that since 1995, it appears that the public sector continued to fall further and further behind the private sector which, by the way, saw productivity growth surge from that average of 1.5 percentage points a year that I mentioned earlier to something closer to 3 percentage points a year.

Some of this increasing gap has to do with advances in management techniques in the private sector. Some, undoubtedly, has to do with the challenges that the federal government has in hiring top talent. I'd note, for example, that it takes an average of 140 to hire a new employee in the federal government – and by that time, understandably, many of the top hires have decided to go elsewhere.

But I believe the single-biggest driver of this productivity divide is the information technology gap. At one time, a federal worker went to the office and had access to cutting-edge computer power and programs. Now, he often has more of both clipped to a device on his belt.

Closing the IT gap is perhaps the single-most important step we can take in creating a more efficient and productive government. Indeed, I would say the IT gap is the key differentiator between our effort to modernize government and those that have come before.

It's also worth noting that while it would be better not to find ourselves in this position, because the gap is so big, the potential upside is substantial. Our historical shortcomings in IT may ironically give us a late-mover advantage, in which we can leapfrog costly, less efficient technologies and go directly to the less expensive, more powerful ones.

How big is this IT gap? Comprehensive data are hard to find but, anecdotally, those data are telling. Let's consider the divergence in data center usage as an example. In the private sector, IBM has reduced the number of data centers it uses from 235 to 12. Hewlett-Packard has consolidated 14 data centers into one, reducing energy consumption by 40 percent.

What about the federal government? Since 1998, we have gone from 432 data centers to more than 1,100. Or look at how the federal government has tried to introduce systemic technological improvements to its own operations.

Earlier this year, we held a modernizing government forum with many leading CEOs. Most told us that they terminate a substantial number of bad IT projects soon after they start. Indeed, high-performing companies tend to kill roughly one-third of their new IT projects within their first six months. The federal government, by and large, kills almost none.

Let's look, for example, at the Census Bureau, which in 2006, awarded a \$595 million contract to develop a handheld computer for census workers to use this year. Two years and \$600 million later, the project was canceled with nothing to show for it. And those census workers out there today are still using pen and paper.

Take another example, which the president has cited before: the Patent Office. The Patent Office receives more than 80 percent of patent applications electronically. That's great. The problem is that those applications are then manually printed out, rescanned and entered into an outdated case management system.

I'm not making this up: The average processing time for a patent is roughly three years. And remember that this is the agency that deals with the most creative and innovative people and businesses in our country.

So clearly, we have massive room for improvement. Pursuing that improvement and closing the IT gap will help us create a government that is less wasteful and more efficient, and that is more open and responsive to the American people.

So what specifically are we doing about it? First, we're using IT to identify waste and cut it. Let's take the dashboard concept, which is a graphically clear, data-rich Web portal that enables a manager, or actually any member of the public – you can also use it – to see how money is being spent.

Our IT Dashboard now provides a transparent look into the approximately \$80 billion a year that the federal government spends on information technology. And it is already producing results. By using the dashboard, for example, the Veterans Administration has been able to identify 45 IT projects that were at-risk and eventually terminated 12 of them.

The same concept is being used by the Centers for Medicare and Medicaid Services with its dashboard to track inpatient hospital spending and how much Medicare is spending on payments to providers for other items like medical education, treating low-income patients and operating in a high-cost region.

We also are using IT to increase data-sharing among agencies so that we can reduce the \$100 billion in improper payments. That is, payments that go to the wrong person at the wrong time or in the wrong amount. We're doing that by expanding recapture payment audits, bolstering internal control methods and creating online dashboards of key indicators and statistics about those improper payments so the public can hold the agencies accountable for how their money is being spent.

And I would note that later this morning the president will be announcing that he has directed the Department of Health and Human Services to cut the improper payment rate with the fee-for-service component of Medicare in half by 2012. Some of the largest problems that we've had with improper payments have occurred in the Medicare program and we are acting aggressively to cut down on them.

Similarly, as part of the administration's effort to save \$40 billion in contracting by 2011 – which, by the way, we are well on our way to reach – we have launched the so-called FAPIIS system, which takes data from government contractors on things such as whether the contractors did their jobs, whether they were suspended or debarred, and combines them into one database so that contractors, before they award a contract, can ping that database and see how that specific contractor has performed in the past. This will dramatically reduce the chances that an underperforming contractor at one agency will keep winning business from another.

Second, we're using IT in our efforts to boost the efficiency of the government's own operations. I mentioned earlier the growth in the number of federal data centers, which runs counter to the trend in the private sector. The private sector has been able to cut down the number of data centers, in part by moving towards cloud computing, in which applications and data are centrally housed. Through our own Cloud Computing Initiative, we are just beginning to take steps – important steps – toward that cloud. This holds substantial promise to save money on IT infrastructure, increase collaboration and bolster productivity.

Third, in addition to identifying and rooting out waste, we can use information technology to make government more open and responsive, delivering services in ways that are convenient and cost-effective. This shouldn't be surprising. In almost every facet of our daily lives, whether it's arranging transportation, ordering birthday gifts, managing your money, or paying a bill, you can now do so much more easily and conveniently through online and mobile devices.

We need to bring that kind of convenience to federal government services and that's what we're doing. For example, the Department of Homeland Security has added an online tracking service for visa and citizenship applications, so that you no longer have to send a letter in to check on where you stand and receive a paper letter back. You can instead just log on online and find out instantaneously.

And it's why the Social Security Administration is implementing an idea – which, by the way, came from a front-line worker in Alabama through our SAVE Award process – to allow people to make appointments online. And that will not only make it more convenient for the individual involved, but it will free up more Social Security personnel to actually help people.

Another way to develop better services is to empower people directly with the information they need to better serve themselves. That's why, as part of our Open Government Initiative, we have unlocked valuable federal data and put it out on data.gov so that it can be leveraged for wider and better use. In just one year, data.gov has gone from 47 data sets to more than 270,000. This information can be used by the American public, for example, to check on the safety ratings of children's car seats or the safety of different workplaces.

And the data are also increasingly being used by outside developers to build new tools to help Americans in their daily lives. Take FlyOnTime.us, for example. This application takes data from the Bureau of Transportation and combines it with weather information and user-generated content about airline security lines – which, by the way, just means people tweeting about how long they're waiting – to give travelers an accurate look at travel conditions.

In the months ahead, we will be looking to unveil more of these technology-driven solutions that bring the public sector more in line with the private sector when it comes to government service. This is the promise of closing the IT gap: increasing productivity and responsiveness, efficiency and customer service.

And that brings me to my final point. These improvements will help agencies meet what are increasingly tight fiscal constraints. As many of you know, in this year's budget the president proposed a three-year freeze on nonsecurity discretionary funding, saving \$250 billion over the coming decade. This spending constraint complements other measures in the budget that together produce more deficit reduction over the next decade than any budget that has been put forward over the previous decade.

In his State of the Union address, the president was adamantly and abundantly clear to Congress that he will use his veto pen to enforce the nonsecurity discretionary freeze. And in the budget guidance for fiscal year 2012, issued to agencies this morning, that seriousness of purpose was underscored yet again. We are asking each agency to develop a list of their bottom 5-percent-performing discretionary programs, as measured by their impact in furthering the agency's mission. This will include both security and nonsecurity agencies.

In addition, to ensure that we can meet the president's absolute insistence on a freeze for nonsecurity agencies while funding new priority areas. We are asking those nonsecurity agencies to specify how they would reduce their budgets by 5 percent, which will give us the ability to achieve the overall nonsecurity freeze even while meeting inevitable new needs and priorities.

The reform efforts I outlined above should make it easier for agencies to identify their laggard programs and live within the three-year-freeze constraint. Now, let's be clear. Ultimately, our goal is not to cut for cutting's sake, but to modernize and reform government, to empower people with the information they require to make choices about what's best for them, to make their voices heard by government officials and to give the American people the data they need to bring about change.

The bottom line is that IT can help us achieve this in a government that is increasingly complex, serving a nation of 300 million people. As a professor of political science at my alma mater once noted: There is scarcely a single duty of government, which was once simple, which is not now complex. Government once had but a few masters. It now has scores of masters.

Those words were written by Professor Woodrow Wilson in 1887, before he was the president of Princeton and well before he was the president of the United States, but they are no less true today than they were more than a century ago. The lesson is, implementation matters. And it is our duty to continually strive to be prudent and productive stewards of tax dollars, creating a government that is effective in the service of the American public. Thank you and I'd be delighted to take some questions. (Applause.)

(Audio break.)

Q: I just want to be absolutely clear on what you're saying is going to happen. Is every nonsecurity discretionary agency going to be cut by at least 5 percent? Can you just run us through how this is going to work?

MR. ORSZAG: This is exactly what happened last year, too, and I want to make sure folks are clear about the way the budget cycle works. When we send out budget guidance, what we're asking the agencies to do is to come back to – it's the beginning of the process, not the end – come back to us with a set of proposals that meet certain constraints. Last year, we also asked for a 5-percent reduction so that we could hit – which we succeeded in doing – hit an overall freeze in nonsecurity spending.

It will not be the case – it was not in the fiscal year 2011 budget; it will not be in the 2012 budget, either – that each agency is exactly at zero. Some go down, some go up. What we're aiming for is an overall freeze. By asking each agency to come back with something at minus-five, we're creating the room to plus-up some, reduce others and what have you, so that we can continue to hit that overall freeze.

Q: (Off mike.)

MR. ORSZAG: It's the second year.

Q: Andrew Taylor with the AP. A few weeks ago, you proposed this expedited rescissions process. You just talked again about a lot of waste in the budget. Why not propose a rescissions package? It would seem that in the current climate, despite the flaws in the rescissions process, you actually might succeed? Why haven't you done that?

MR. ORSZAG: Well, I guess it comes down to the question of whether we would succeed or not. We think with the rescission authority that we have called for as part of new legislation, the prospects for success would be much higher. With that new legislation, for example, if we succeed in getting it this year, I think you'll see next year a set of proposals. It just comes down to a question of whether it's a fruitless exercise because you have a very low probability of success in the current environment. And there are many other things that are occupying the Congress right now.

Q: But the prospects for that legislation are as fruitless as –

MR. ORSZAG: No, I don't think so. We actually have a number of cosponsors. I guess that's the right way of putting it. We would rather put our effort, which we are doing, into the structural change of getting that authority, rather than sending up a package under the existing authority, which is much more limited, that would go nowhere.

Q: Thanks, Peter, for being here. And thank you for the focus on this, which is hugely important. I wanted to ask you whether the same kind of opportunity to look for programs that are less effective is also being applied to the tax-expenditure side of the budget. Are we looking

at measuring tax expenditures for how effectively they achieve their public purposes? And is that a process you're thinking about in the future?

MR. ORSZAG: Yes, and I'd note that in the fiscal year 2011 budget, as you know, we've put forward a whole series of changes that cut back on things that we think are unwarranted tax expenditures – including, by the way, eliminating all the tax subsidies for fossil fuels, which was a very bold step that we have put forward. In addition to that, as you also know, the fiscal commission that we created is examining a whole series of changes on the revenue side that could well include reexamining some tax expenditures.

So I would put it in two ways. One is, there's a continual effort, as part of the annual budget process, to examine tax expenditures not only on fossil fuels, but also with regard to some international transactions and other topics. And that will occur again as part of the fiscal year 2012 budget process. And then layered on top of that we have the fiscal commission, which is also examining many similar issues.

Q: Hi, Peter. You didn't mention anything about the explosive growth in outsourcing, in contracting, by the government. It's just had enormous growth over the past decade and a lot of people think that there's tremendous waste and lack of control in that area. Why didn't you mention it and what's going on there?

MR. ORSZAG: There actually is a significant effort – well, I didn't mention it because I was worried that I was going on too long already – but there is significant effort in contracting. One of the things that happened over the past decade, for example, is that the dollar value of federal contracts roughly doubled, whereas the number of contracting officers was basically flat. So unless you believe that the productivity over those contracting officers also doubled, it's not hard to conclude that there would be problems that arose from that situation.

So we're taking several steps. One is to reexamine what should be contracted out and what should not, and secondly, to expand the number of contracting officers so that we have efficient oversight of those contracts. Because it is definitely pound-foolish and penny-wise to cut back on the number of contracting officers in a misguided attempt to save money when they have been shown to be very effective in saving money on the much larger contracts that they oversee.

Q: Wamara Mwine, Newsroom magazine. Pollster Mark Penn has been the beneficiary of 5.97 million in stimulus money. That's been spent maintaining three jobs at Penn's firm, Burson-Marsteller, according to federal records. Meanwhile, the Obama administration is still paying Hillary Clinton's 2.3 million campaign debt to Penn's firm. This is the same guy who urged that Obama is not, at his center, fundamentally American. Why pay Penn and Burson-Marsteller millions when one out of 10 Americans is unemployed?

MR. ORSZAG: I generally don't like to answer questions about pollsters, but let me say this: I don't know the facts that you were citing, with regard to recovery act funding. In general, again, I'm going to come back and say the recovery act – just to step back for a second, the recovery act has worked remarkably well, both in terms of getting money out the door quickly –

we are on target for hitting the goal of getting 70 percent of the money spent out by the end of this fiscal year – and with remarkably little in the – if you had asked me, a year-and-a-half ago, whether we could have a program that big without front-page stories about outright fraud, I would have thought that that was remarkable.

And yet that is exactly what has occurred. So we will look into the specific example that you cite. I'm not familiar with it. But in general, the recovery act has succeeded to a much greater degree than I would have been betting on early in 2009. Over here.

Q: My name's Ken Peres, from CWA. I want to ask a question about the relationship between deficits and jobs. Paul Krugman, if I read him correctly, said that a 1-percent reduction in the deficit would lead to an increase of .75-percent unemployment. A lot of pressure on the administration, a lot of pressure on Congress to reduce the deficit – but doing so right now, in the midst of a jobs crisis, could exacerbate the problem. So the question to you is, where's the focus? Is the focus going to be on job creation, so that we have long-term growth and have the economy increase on a long-term sustained basis? Or is it going to be on deficit reduction?

MR. ORSZAG: Well, look, I think what's very clear is that we face two very substantial and serious deficits: a near-term jobs deficit, with an unemployment rate that is unacceptably high, and a medium and long-term deficit that ultimately would cause a crisis if it were not addressed. I think we ignore either of those problems at our peril. We need to be addressing, aggressively addressing, both of them.

So in some cases, I think this debate about jobs versus the deficit is a false choice. We have to be – it's a question of timing. We have to be acting aggressively to address the jobs deficit now and we have to be acting aggressively to bring down the out-year deficits because if we don't do that, we're going to be creating another crisis. And no one wants that.

Q: Jonathan Nicholson, BNA. On expedite rescission, that's an idea that has a kind of long history of bipartisan support, passing the House in '06. John Spratt supported it at one point and still does. To what extent does your inability, at this point, to sort of make legislative progress on that – realizing it's still somewhat early – say about the ability to change the way things work in this town, that your administration has said it's wanted to do?

MR. ORSZAG: In fact, it's – (inaudible, off mike) – that we're not making legislative progress on that proposal, so I think you're discounting us too much. Let's wait and see.

Q: Are you willing to meet Republican ideas to lock off those savings for deficit reduction?

MR. ORSZAG: There are lots of different design items that go into the rescission proposal. The one that you're mentioning is something that, again, is not included in our proposal, but that, as you know, is included in other – not only Republican proposals, but some bipartisan and Democratic proposals too.

The reason we did not do that is similar to the motivation that I gave for many of the steps that we're taking. This is not just about – and to your question also – it's not just about reducing the deficit. It's also about making sure that we are being as responsible as we can with taxpayer dollars, spending them as wisely as possible. So money that is shifted from a less-effective program to a much more effective program is a very good thing. And that's what we wanted to also facilitate and allow in our rescission proposal, which is not a feature of some other proposals.

Q: Eric Pianin, with the Fiscal Times. Peter, you may have mentioned it, but could you quantify for us how much of the savings you're seeking that could be achieved through closing the IT gap you talked about?

MR. ORSZAG: Well, maybe one way of putting it is this: We have a three-year nonsecurity freeze, which saves \$250 billion over the next decade. Better management of IT is one of the key steps that will facilitate those savings, so IT investments and better managing the IT that we have is one of the key mechanisms through which we can accomplish that objective in an efficient way. I guess this is the last question.

Q: (Inaudible, off mike.) Is there any new, you know, specific guidance – you talked a lot about IT – any specific guidance to agencies, or policies for agencies to go on, that directs them to approve efficiency in IT, or to improve efficiency in, you know, their financial systems, for example?

MR. ORSZAG: Yes and yes. We'll have more to say about financial systems in coming weeks and months, but on IT, specifically, let me give you an example. We are now using the IT dashboard and combining it with something that we call tech sessions, that our chief information officer and the chief technology officers and others conduct, in which they go into an agency and they say: Let's look at your IT dashboard. By the way, all of you can go online to the Federal IT Dashboard, see the responsible federal official – it actually has a photo up of the person who's responsible for that project.

We are sitting down with those responsible officials and saying: Why are you behind schedule and is this worth continuing? And what specific steps, over the next specified period, are you going to be taking to be getting this thing back on track? Those are proving to be very successful. Now, let's remember, we're talking about changing a culture and we're talking about \$80 billion a year in investments that have not been historically managed as well as they could be. So there's a lot that needs to change, but we're making substantial progress.

And by the way, I would use that VA example as a good one, where again, they took a look at more than 40 projects and said, these are in trouble. And they ultimately terminated a dozen of them. That's a lot of progress relative to a world in which basically no IT projects were being terminated. Thank you very much for having me. I appreciate it. And thank you, again, to Tom Daschle and the Center for American Progress for hosting me. Thank you.

(END)