doing
what works

Golden Goals for Government Performance

Five case studies on how to establish goals to achieve results

Jitinder Kohli   February 2010

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Doing What Works Advisory Board

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Introduction and summary

In sports, the goal is clear: win the game, ideally by a high score. In business, goals can be slightly more diffuse but making money is fundamental. Sports teams and businesses alike develop strategies that seek to maximize their chances of achieving their goals.

In government, however, it is more difficult. For public servants making the world a better place is always part of the goal, but that's a fairly broad definition. Often the next level of detail is working to deliver the program you are responsible for as well as possible. But without clarity about what the program is there to achieve, it is hard to be sure whether you are doing it well.

This is especially important given the Obama administration's desire to ensure that federal funds are used to do what works. Assessing whether individual programs are working depends crucially on knowing the overall goals that the programs are meant to contribute to.

The Government Performance and Results Act, or GPRA, requires agencies to define goals.[1] But in many cases, there are so many goals that it is impossible to get a sense of what different government departments and agencies are actually trying to achieve. Instead, they produce reams of paper defining their objectives and indicators, which unfortunately often read more like catalogs of what agencies are working on rather than the outcomes that agencies are trying to achieve.

This report sets out a federal government performance model for the future based on an analysis of what works at five different governments on three continents. Specifically:

- Government should define clear "outcome" goals (See box 1) at the highest level feasible. These goals should be about what government wishes to achieve for society, such as reductions in crime or improvements in educational attainment. Such outcome goals are much better than ones that set out what government initiatives will deliver such as an increase in the number of inspections, purchasing new equipment or implementing a new regulation, or what inputs government will make such as the number of inspectors, or the value of grants paid out.

- Because few of these goals can be achieved by a single government department or agency, it makes sense for the goals to be defined at the level of government as a whole, or across a number of relevant government agencies.

The difference between outcome, output and input goals

It is crucially important for government to adopt outcome goals wherever possible. These are significantly better than goals focused on government outputs or inputs—as it is outcomes that really matter for citizens, not how government seeks to achieve them.

An outcome goal: Reduced incidents
of food-borne illnesses

▲

An output goal: More inspection of
establishments that serve food to people

▲

An input goal: Increasing spending on
inspectors by 10 percent

Once outcome goals have been defined, it is important for government to establish which inputs and outputs to pursue in order to achieve the outcome. Or put another way, it's important for government to work out what works in order to achieve the outcome.

This is extremely important. The best way of achieving a reduction in food-borne illnesses may well not be an increase in inspection. There may be evidence that many food-borne illnesses result from poorer cooking preparation in homes, and in this case, a marketing campaign may be more effective.

- Public servants and those to whom they are accountable such as legislators, voters, and taxpayers should all be clear about what the goals are, and who in government is responsible for delivering.

- Government agencies should work together to build strategies to deliver these goals. They should be encouraged to think creatively about how best to achieve the goals including by building partnerships with other organizations. They should consider options that feature tax expenditures alongside other forms of government intervention such as funding programs and regulation.

- All existing and future government programs should be evaluated by the contribution they make to these goals.

- Data on progress toward the outcome goals should be transparently available to the public.

- Where possible, the executive branch and the legislature should work together to define long-term goals. It is also important that budget setting operate in the context of the goals so that funds are allocated to programs that are most effective in delivering the outcome goals.

Legislative changes need not be required for the federal government to move to this model. But it is essential that any reforms be done in concert with Congress, since sustaining change and embedding it into the budgeting process requires buy in from both the executive and the legislative branches.

This report examines five particularly innovative examples where governments have successfully defined outcome goals that set out what they intend to achieve for society.

The state of Victoria in Australia was a pioneer in this area by defining goals for government as a whole across a 10-year timeframe in 2000. The goals emerged after a summit bringing together a wide range of people with different perspectives. Government agencies are expected to work toward these goals, among them reducing road deaths and increasing productivity. The result has been a culture change within the state government away from a focus on government outputs to a new focus on the societal outcomes the government is seeking to achieve.

The commonwealth of Virginia adopted a similar approach in 2004 by building consensus across state Democratic and Republican party lines, and involving the legislature, executive branch, and citizen and business leaders in defining success for Virginia should look like. This approach is articulated through 46 indicators under seven themes, among them reducing traffic congestion or reducing teenage pregnancies. Virginia also boasts a public reporting system that summarizes progress toward these goals, and gives citizens and legislators information on performance in their community.

The government of Scotland followed the Virginia model, but has gone further by adopting a single overall goal for government, focused on increasing sustainable economic growth that sits above five strategic objectives, including promoting a smarter and a greener Scotland. The Scottish government also reorganized lines of accountability in government such that government departments have been replaced by a system where senior officials are held to account on delivery of one of the aforementioned five outcomes.

The state of Washington took a slightly different approach by redefining the way budgets are set. After the formulation of goals across government, agencies work together to rank potential programs depending on their likely contribution to the goals. This ranking is publicly available and forms the basis of the executive's budget, with high-ranking programs earmarked for funding and others forming the basis of cuts. This novel budgetary process also helps to ensure that the legislature is aware of the trade-offs involved in setting a budget.

The United Kingdom first adopted a set of clear government performance goals across government departments and agencies as part of the budgeting process in 1998. These goals cover the whole range of government activity, from international development to educational attainment and from crime reduction to community relations. Public servants are asked to come up with innovative policies and programs to deliver the goals by working across agencies, developing partnerships with business and other key external stakeholders, and reprioritizing budgets.

In each of these five governments, defining clear outcome goals at the highest level of government has helped change culture within these governments. Specifically:

- There has been a shift in the way public servants define success. In the past, success was often defined as delivering programs well, but now it is increasingly defined as achieving clear goals for society.

- This leads to greater innovation when developing strategies to achieve goals, with more work across agency boundaries and with external partners.

- There can be a positive effect on organizational morale and staff engagement as employees become clearer about what they are trying to achieve.

Most importantly, greater clarity about what government is trying to achieve leads agencies and those who work in them to focus much more on doing what works to accomplish those goals. So programs that are least effective at delivering the goals are replaced by initiatives that are most likely to succeed. Making a similar shift at federal level in the United States could have similarly far-reaching effects.

Setting goals for government

In his inauguration address, President Barack Obama said:

> The question we ask today is not whether our government is too big or too small, but whether it works—whether it helps families find jobs at a decent wage, care they can afford, a retirement that is dignified. Where the answer is yes, we intend to move forward. Where the answer is no, programs will end. And those of us who manage the public's dollars will be held to account, to spend wisely, reform bad habits, and do our business in the light of day, because only then can we restore the vital trust between a people and their government.[2]

The president is right, of course. The federal government needs to invest in doing what works. If only there were ways to sort things that work from those that don't. Then the government could unlock hundreds of billions of dollars to do the things that need to get done. But you can't know whether something works unless you know what you are trying to achieve—unless you know what the goal is. And that's less clear in many public sector settings than it needs to be.

In 1993, Congress passed the Government Performance and Results Act, which requires all federal agencies to develop five-year strategic plans setting out long-term goals and objectives.[3] It requires that these strategic plans are underpinned with annual performance plans submitted at the same time as agencies' budget bids, and annual performance reports that set out what agencies have achieved in the past year. These are sensible questions to ask of government departments and agencies, but they have led more to the preparation of reams of paper than clarity on the outcomes agencies are trying to achieve.

Take the Environmental Protection Agency. EPA is among those agencies that take the GPRA process most seriously. Their last strategic plan, published in 2006, covers the period to 2011 and sets out five goals for the agency.[4] But these five goals are underpinned by 20 strategic objectives and under each objective there are subobjectives, most of which have numerous indicators under them. In total, the report sets out around 130 indicators, which EPA promises to measure its success by.

With so many indicators, it's hardly surprising that EPA's most recent annual performance and accountability report is 597 pages long and reads like a catalog setting out the entirety of the agency's business.[5] While it's useful in the way it helps those who read the

report understand what the EPA does, it does not help ensure that the agency focuses its resources on what matters most. The reason: Those 597 pages do not articulate for the agency what its key priorities are. Without that, it is impossible for the agency to check that the programs it is pursuing are genuinely effective in achieving its goals.

EPA is not unusual in its approach. Indeed, it is probably one of the agencies that tries to get the most value out of the GPRA process. The problem is that GPRA encourages agencies to set out in ever increasing detail what they are doing, rather than the outcomes they are trying to achieve.

The dynamics within departments and agencies mean that every part of the organization wants to feature in the lengthy description of what they do. So naturally, the reports and plans read more like telephone directories rather than statements of what they regard as their priority goals. These directories do not make it easy for external players to hold agencies to account, notes Shelley Metzenbaum who now serves as associate director for performance and personnel management at the Office of Management and Budget, or OMB:

> There is no comprehensive way for the public or Congress to see how the federal government is performing and what agency goals or program targets are.[6]

The Obama administration has recognized this weakness. OMB recently asked all major agencies to set out for themselves three to eight "ambitious, outcome-oriented high-priority goals that they intend to achieve in the next 12 to 24 months."[7]

This is a welcome development. It will require departments and agencies to define their purpose not just as a list of activities but as a series of outcomes they are trying to achieve. It is essential that the targets be focused on the outcomes that agencies are trying to achieve rather than the inputs they propose to put in, or the outputs they think they will deliver (see Box 1 on page 2).

It also offers a springboard to ensure that their overall strategies are well aligned to the key outcomes they are trying to achieve. And there is also an opportunity to help agency staff better understand what their organizations are trying to achieve as a whole, and how their work fits into that. It may even allow department and agencies to deprioritize those programs that are least helpful in delivering the priority goals.

As part of the president's proposed budget for 2011, the administration published the goals that agencies plan to adopt.[8] Some of these goals are clearly outcome goals, such as reducing the rate of highway fatalities, or all states improving overall and disaggregated high school graduation rates. But many others are output goals, such as increasing the white-collar crime caseload by 5 percent. Very few are merely input measures, which is encouraging, but there remains some work to be done to improve the quality of the goal setting.

It is still early days on the OMB initiative and it is clear that while some of the government's departments and agencies are using the initiative as a means to ensure that they establish greater clarity on what they are really trying to achieve, others appear to regard the process as a bureaucratic hurdle rather than an opportunity to increase the focus and effectiveness of their organizations.

Looking forward, the logical next step is for the federal government to build on the work that OMB has already initiated by learning from the examples of other governments around the world that have made significant progress in defining goals for their government as a whole. This paper discusses five particularly innovative examples by:

- The state of Victoria in Australia
- The commonwealth of Virginia
- The Scottish Government
- The state of Washington
- The United Kingdom

Let's now consider the goal-defining processes in each of these governments and how they came to adopt them.

The state of Victoria in Australia

Defining a vision for government

One of the reasons that governments find it hard to define goals is because of their work's complexity. They are responsible for a wide range of issues, from reducing crime to improving health, which are a great deal more complex than the work of a sports team or most businesses.

Governments typically address this complexity by organizing the work through agencies or departments, and setting what they want each agency to do. Complex agencies go further and develop a large set of programs or initiatives under the agency banner and then define success separately for each program. Before you know it, government has many thousands of objectives—and it's difficult to know what is most important—as is the case under the GPRA approach in the United States.

In addition, as the number of targets increases, the quality of targets can decline. The more targets there are, and the closer they are to program level, the more likely they are to be focused on inputs or outputs rather than outcomes. Often they amount to little more than ensuring that the program is actually delivered as planned—and for many public officials that seems right as it is what they have the greatest direct control over.

But what if government were able to define its success measures as a whole? And then the agencies and departments worked together to achieve those goals? Australia's state of Victoria is one of the pioneers in this area. In 2000, the newly elected Premier Steve Bracks convened a summit of more than 100 key leaders from across the state to build a picture of what the key priorities should be for the state over the next decade.

In 2001, the state government published the "Growing Victoria Together" framework that sets out the vision, goals and indicators that were most important to Victoria over the next decade (see Figure 1).[9] The framework made it clear that the government was interested in pursuing a broad agenda that included environmental and social objectives alongside economic objectives. The framework was refreshed in 2005 following further wide engagement within the public service.

In the nine years that the framework has been in place, it has had a significant impact on the culture of government agencies. One senior official in the Department of Premier and Cabinet in Victoria says that it marked the start of a "shift from thinking about outputs of government agencies to thinking about the outcomes that government is seeking to achieve."[10] As a result, the framework "has become the organizing principal for budget and government."[11]

All senior officials in the Victoria government focus the work of their agencies in the context of the overall framework, and agencies are clear that their work has to contribute to the overall goals and delivering on the indicators. The budget process requires agencies to explain how their work fits in with the Growing Victoria Together objectives, and in many cases, it has helped them to identify which programs to continue and which to terminate as they contribute least to the government's overall objectives.

Victoria demonstrates the impact that thinking about outcomes the government is seeking to achieve for citizens can have on the way governments and public servants go about their work.

FIGURE 1
Victoria's Secret

A summary of the Growing Victoria Together framework published in 2001

Goals	Measures
Thriving economy	
More quality jobs and thriving, innovative industries across Victoria	• There will be more and better jobs across Victoria. • Victoria's productivity and competitiveness will increase • A greater share of national business investment will be in Victoria. • Victoria will increase exports to $30 billion by 2010.
Growing and linking all of Victoria	• Victoria's total population will reach 6 million people by 2025, and regional population growth will increase to 1.25 percent annually by 2006 . • Regional rail services will be available to more Victorians • The proportion of freight transported to and from ports by rail will increase from 10 percent to 30 percent by 2010. • Public transport use in Melbourne as a proportion of trips taken by motorised means will increase from 11 percent in 2002 to 20 percent by 2020.
Quality health and education	
High quality, accessible health and community services	• The health of Victorians will improve. • The well-being of young children will improve. • Waiting times (emergency, elective and dental) will be reduced. • Levels of confidence in health and community services will increase.
High quality education and training for lifelong learning	• The proportion of Victorian primary students achieving the national benchmark levels for reading, writing and numeracy will be at or above the national average. • By 2010, 90 percent of young people in Victoria will successfully complete Year 12 or its educational equivalent. • The level of participation in vocational education and training of adults aged 25-64 years will increase.
Healthy environment	
Protecting the environment for future generations	• The health of Victoria's rivers will improve significantly by 2010. In particular, the Snowy River will be returned to 21 percent of its original flow by 2011, and 28 percent over time. • The quality of air and drinking water will improve. • The extent and quality of native vegetation will increase. • The condition of our land will improve as the impact of salinity and soil degradation is reduced.

Goals	Measures
Healthy environment (continued)	
Efficient use of natural resources	• Greenhouse gas emissions from the production and use of energy will be reduced. • More efficient use of water in agriculture. • Melbourne's water usage will be reduced by 15 percent on a per capita basis from the 1990s average by 2010. • The quantity of solid waste generated will be reduced, and the amount recovered for reuse, recycling, and energy generation will increase.
Caring communities	
Building friendly confident and safe communities	• Crime will be reduced by 5 percent from 2003 to 2008, and Victorians will feel safer. • Annual deaths and serious injuries from road crashes will be reduced by 20 percent over the period 2002 to 2007. • The extent and diversity of participation in community, cultural, and recreational organisations will increase. • More Victorians will be able to get help from friends, family, or neighbours when they need it.
Building friendly confident and safe communities	• Disadvantage in health, education, and housing among communities will be reduced. • The number of early school leavers who are unemployed after six months will decline. • The prison population will not grow as quickly and re-offending will be reduced. • The appreciation of diverse neighbourhoods and communities will increase.
Vibrant democracy	
Greater public participation and more accountable government	• More Victorians from all backgrounds will have the opportunity to have a say on issues that matter to them. • There will be regular reports on progress in improving the quality of life for all Victorians and their communities.
Sound financial management	• An annual budget surplus of at least $100 million • A triple A credit rating will be maintained. • Victoria's taxes will remain competitive with the Australian average.

Source: Growing Victoria website, available at http://www.dpc.vic.gov.au/CA256D800027B102/Lookup/GVTIISummaryDocument/$file/reference_card.pdf

The commonwealth of Virginia

"Virginia Performs"

The commonwealth of Virginia undertook efforts similar to Victoria and set a series of goals for the long term. Doing so in this U.S. model where there is a clear separation of powers between the executive and the legislative branches can be more challenging than in the Australian parliamentary system. Virginia proves that it is possible to develop a consensus on the long-term goals across party lines in this political context.

In 2004, Virginia set itself seven long-term goals:[12]

- Be a national leader in the preservation and enhancement of our economy
- Elevate the levels of educational preparedness and attainment of our citizens
- Inspire and support Virginians toward healthy lives and strong and resilient families
- Protect, conserve, and wisely develop our natural, cultural and historic resources
- Protect the public's safety and security, ensure a fair and effective system of justice, and provide a prepared response to emergencies and disasters of all kinds
- Ensure Virginia has a transportation system that is safe, allows the easy movement of people and goods, enhances the economy, and improves our quality of life
- Be recognized as the best-managed state in the nation

This process of defining goals at the level of a state government was not easy. It required prioritizing some issues over others and building a consensus within two branches of government and beyond on what the key issues should be.

In Virginia, this process was led by the Council on Virginia's Future—a council that brings together the executive, legislators from both houses, and citizen and business leaders (see Figure 2). The council is chaired by the governor, but representation for the legislature is greater than that of the executive, with the majority and minority leaders from both legislative houses as well as six other legislators. In addition, there are seven business and citizen leaders and one member of the cabinet on the council.

Sitting between the executive, the legislature, and civil society, the council is required by law to "recommend long-term objectives for the Commonwealth and monitor and advise the Governor and General Assembly regarding progress towards these objectives."[13]

FIGURE 2
Seeking consensus

The composition of the Council on Virginia's Future

Legislative Branch	Citizens and business community	Executive Branch
↓	↓	↓

Council on Virginia's Future
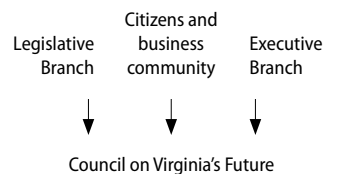
Source: Virginia.gov website, available at http://www.future.virginia.gov/council.php

One particular strength of the Virginia system is that the process of goal setting is not led by the executive alone. It is conducted for the long term. It requires consensus building across political parties, across the legislature and the executive, and across business and citizen leaders. This allows the process to endure, despite the normal differences between parties on day-to-day issues. Jane Kusiak, executive director of the Council on Virginia's Future, explains the genesis of Virginia's approach:

> The business community in particular was frustrated that Government was very short sighted, focused on political expedience rather than what Virginia needed to be prosperous. So we set up the Council to help define long term objectives for the state—and that brought together business leaders alongside legislators and the executive branch. We have a one-term Governor system and have had two changes of Governor, from Mark Warner to Tim Kaine and from Tim Kaine to Bob McDonnell. Each time, the investment we made in building a consensus around the goals has paid off. The new Governor has embraced the initiative whole-heartedly.[14]

Under each of the goals, the executive branch sets indicators that demonstrate success toward those goals. The high-level goal on health and family, for example, is to "inspire and support Virginians toward healthy lives and strong and resilient families." Under this, there are 13 indicators, which range from levels of obesity to the levels of teenage pregnancy. In total, there are 46 indicators that sit under the seven long-term goals. For each indicator, the state government sets out whether it is one over which the state has significant or limited influence.

While the indicators are organized under different agency units, they are presented as a whole on the "Virginia Performs Scorecard" (see Figure 3). This scorecard summarizes performance on all the indicators and the direction of travel. Although agencies are free to adopt additional indicators, it is clear that their overall priorities flow from the indicators on the scorecard. The key is that the work of individual service areas is situated in the context of Virginia's overall vision for the future—ensuring that the state's government departments and agencies develop strategies that seek to further the high-level goals.

All information on how Virginia is performing is available on a user-friendly and incredibly powerful website.[15] Users are able to find out how Virginia performs on each indicator, and also how the state compares to others in the nation. In addition, many indicators are available at the county or city level. Visitors to the website can even create their own map that summarizes the different localities' performance on the indicators they find most interesting. The website and the data mining that sits behind this process were recently recognized when the Virginia Performs initiative won an award from the National Association of State Chief Information Officers.[16]

FIGURE 3

Keeping track of the goals

The Virginia Performs Scorecard, January 2010

Economy	
Goal: Be a national leader in the preservation and enhancement of our economy	
Business climate	⋀
Business startups	→
Employment growth	→
Personal income	⋁
Poverty	⋁
Unemployment	⋁
Workforce quality	⋀

Education	
Goal: Elevate the levels of educational preparedness and attainment of our citizens.	
School readiness	⋀
3rd grade reading	⋀
4th grade reading/math	⋀
High school graduation	⋀
High school dropout	⋀
College graduation	⋀
Educational attainment	⋀
Lifelong learning	→

Health and family	
Goal: Inspire and support Virginians toward healthy lives and strong, resilient families.	
Adoption	⋀
Cancer	⋀
Cardiovascular disease	⋀
Child abuse and neglect	⋀
Foster care	⋀
Health insurance	⋁
Immunization	⋀
Infant mortality	⋀
Life expectancy	⋀
Obesity	⋁
Smoking	⋀
Suicide	⋁
Teen pregnancy	⋀

Public safety	
Goal: Protect the public's safety and security, ensure a fair and effective system of justice, and provide a prepared response to emergencies and disasters of all kinds.	
Crime	⋀
Emergency preparedness	⋀
Juvenile intakes	⋀
Recidivism	⋀
Traffic fatalities	⋀

Natural resources	
Goal: Protect, conserve, and wisely develop our natural, cultural, and historic resources.	
Air quality	⋀
Historic resources	→
Land preservation	⋀
Solid waste and recycling	→
Water quality	⋀

Transportation	
Goal: Ensure Virginia has a transportation system that is safe, allows the easy movement of people and goods, enhances the economy, and improves our quality of life.	
Infrastructure condition	⋀
Land use	⋁
Traffic congestion	⋀

Performance trend	
Improving	⋀
Maintaining	→
Worsening	⋁

Government and citizens	
Goal: Be recognized as the best-managed state in the nation.	
Bond rating	⋀
Consumer protection	⋁
Internet access	⋀
Taxation	→
Voter registration and turnout	→

Source: Virginia Performs, available at http://vaperforms.virginia.gov/Scorecard/ScorecardatGlance.php

The Council on Virginia's future also produces a summary of performance against the key metrics at the level of state legislative districts. Kusiak describes the impact this is having on culture:

> We provide legislators with information on the outcomes in their areas, for example, how many young people progress to higher education in each district. That allows legislators to focus not on how much money their school divisions are getting, but instead on what outcomes need to be improved in their localities. It is helping to change the dialogue in a very positive way—from being about inputs to being about outcomes.[17]

By defining the goals clearly and in summary form, Virginia has brought clarity to the work of the state government. It is much easier for public officials to understand how their work contributes to the priorities of the state as a whole. And it's possible for them

to prioritize those programs and initiatives that have the greatest impact in delivering the state's goals. In addition, Virginians are able to hold their government to account through a state-of-the-art website. And the nature of dialogue in the legislature is changing from the traditional conversations about inputs to one about outcomes.

The Scottish government

Building on the Virginia experience

In 2007, the Scottish National Party campaigned for election on the basis that they would adopt Virginia's approach to goal setting.[18] Later that year, they formed the government, and Scotland adopted the "Scotland Performs" framework. The approach closely follows the Virginia model, but Scotland goes further than Virginia in two key respects.[19]

First, Scotland defines an overall purpose for its government—increasing the economic performance of Scotland—that sits at the very top level above goals in particular policy arenas. In defining this purpose, the government made a conscious decision because it is clear this is historically an area of relative underperformance, and so it should become the central focus of government looking forward, as set out in the government's economic strategy adopted in 2007:

> Over the last thirty years, Scotland's annual average GDP growth was well below that of comparable small European countries and significantly below the U.K. average. We are now setting a new level of ambition and a sharper aspiration for the future. Our immediate growth target is to raise Scotland's GDP growth rate to the U.K. level by 2011.[20]

Underneath this overall purpose, Scotland has adopted five strategic objectives (see Box 2) that set out the purpose of the Scottish government and the objectives it has adopted. There are also 45 national indicators and targets that underpin the strategic objectives.

The key innovation in Scotland, however, is in the changes they made to the way their government is structured in response to the new framework. In the past, the Scottish Civil Service was organized around government departments focused on subject areas such as education or health. Under the new model, the most senior leaders are now responsible primarily for delivering one of the five strategic objectives.

Sir John, the permanent secretary of the Scottish government—the most senior public servant in Scotland—explains why they moved to the new approach:

> We used to have a framework with 460 specific commitments across the Scottish government. We were very good at delivering, with 97 percent of these commitments delivered, but they were promises about actions we would take, not what we would achieve. And the data showed that there was little discernible shift in outcomes. We needed a new approach to get a stronger focus on delivering outcomes for Scotland. Government was structured in a conventional way, with a series of departments responsible for functions such as education, health, etc. This structure lent itself to each department efficiently delivering the outputs it was responsible for. But that was inhibiting our ability to focus on what mattered most. We need to deliver outcomes for Scotland, and in most cases that meant working across the boundaries of our organizational structure. That was at the heart of what we needed to do in terms of organizational change. We had to dismantle the functional structures to some degree—and replace them with a focus on the outcomes we wanted to achieve.[21]

Another senior official describes the impact the new approach had, in particular the abolition of departments:

> Effectively, we abolished government departments, and replaced them with clarity what we were trying to achieve across government. Each of us was set a task to deliver a strategic objective—and to do that, we needed to work together across the old organizational boundaries to develop cross-cutting strategies to deliver improvements for citizens.[22]

There has also been a shift in culture with a much stronger emphasis on establishing a line of sight between the activities of government and the new objective, as noted by the same senior official:

> We did a lot of work to ensure that everyone's work was contributing to the purpose. As a senior manager, you needed to demonstrate that your work was focused on delivering one or more of the new objectives. Of course, the change was not immediate but two years on, it would have been odd for any team to be working on things which did not contribute directly to the government's objectives. [23]

The changes have had a positive impact on how the government is perceived by those outside, as Sir John points out:

> External stakeholders tell me that the organization feels different in three ways. There is a greater understanding of the big picture among staff as well as a stronger willingness to work across boundaries to address a particular issue. There is also a much stronger focus on doing what works in delivering the outcomes, rather than just delivering the programs people are responsible for.[24]

One particular area where the change is most visible is in the relationship with municipalities—or local government—where the government agreed to give greater financial freedoms to local government in return for commitment to drive forward the outcomes for Scotland:

> There is a changed relationship with local government. Achieving outcomes for Scotland requires us to work in partnership with local agencies. And for each local area, we have concluded an agreement which sets out what each local partner will do in order to drive towards the outcomes. In return, the Scottish government has given local partners much more financial freedom so that they are free to find their own solutions to deliver the outcomes.[25]

The Scottish model is far reaching, especially in the way it removes organizational boundaries so that the government is primarily focused around delivering societal outcomes rather than different agencies or government departments. By giving senior staff responsibility for delivering outcomes, it unleashes creativity in developing solutions to deliver those outcomes.

This is in contrast to the model where public servants are focused on delivering the programs of their own agency or department well. Another important feature of the Scottish model is the manner in which it aligns government at the local level with the Scotland-wide goals in return for financial freedoms.

This trade between governments at different levels is particularly relevant to the American context where the federal government finds that, in many arenas, its ability to influence outcomes is crucially dependent on government at state or local level.

BOX 2

Scotland declares, "it's the economy, stupid"

The Scottish government's overall purpose and its five strategic objectives

To focus the government and public services on creating a more successful country, with opportunities for all of Scotland to flourish, through increasing sustainable economic growth.

Five strategic objectives for Scotland

Wealthier and fairer: Enable businesses and people to increase their wealth and more people to share fairly in that wealth

Smarter: Expand opportunities for Scots to succeed from nurture through to life long learning ensuring higher and more widely shared achievements

Healthier: Help people to sustain and improve their health, especially in disadvantaged communities, ensuring better, local, and faster access to health care.

Safer and stronger: Help local communities to flourish, becoming stronger, safer places to live, offering improved opportunities and a better quality of life.

Greener: Improve Scotland's natural and built environment and the sustainable use and enjoyment of it.

Source: The Scottish Government website, available at http://www.scotland.gov.uk/Resource/Doc/203078/0054106.pdf

The state of Washington

The state of Washington launched its "Priorities of Government" initiative in 2002.[26] The initiative has many similarities to the work of Virginia and Scotland. It defines common result areas for the state—akin to Virginia's goals or Scotland's objectives—and success for the state is measured by progress under each of these result areas (see Box 3). But the key distinguishing feature of the approach in Washington is the prominence given to the outcomes in the budget setting process.

The "Priorities of Government" initiative followed a budget crisis in Washington. In 2002, the state was forecasting a $2.5 billion deficit for the next two years, and then-Governor Gary Locke acknowledged that Washington's budget problems were severe. At the time, the governor candidly said:

> Past deficits have been addressed mainly by looking at the existing budget. Taxes can be raised to just keep doing what we're doing. We know that isn't a preferred option. Or costs are shaved until the spending plan fits the available revenue. Usually, an across-the-board reduction in costs is used to reach the goal.[27]

Although the comments were describing the situation in Washington, they could be equally well applied to any budget process in any government. In the main context, when budgets are tight, the two ways governments seek to proceed is either by raising taxes or by cutting expenditure plans. But as Governor Locke said at the time, the approach does not need to be so narrow:

> Such an approach fails to take into account many factors. It doesn't consider relative priorities of programs and services. It fails to allow for varying levels of cost effectiveness and overlap in different areas. Reductions in costs—and the programs and services they support—happen agency by agency without regard to the rest of the enterprise.[28]

So the state of Washington adopted a new approach. Common with the examples discussed above, Washington starts by defining a set of outcomes that are important for its citizens. Indicators sit under each of these outcomes, as they do in the other case studies.

But what makes the Washington experience unique is the next stage—once outcomes have been set, inter-agency teams are formed to consider the best way to achieve those outcomes. They identify different spending initiatives that could be adopted in order to achieve the outcomes, and they rank these initiatives by their likelihood of achieving the outcome. A budget is identified by the Office of Financial Management for the outcome, and the interagency team then recommends that some of the initiatives are "purchased" and others are not.

The state government ranks the initiatives that contribute to the outcome of improving the safety of people and property over the period 2009-2012.[29] (Summarized in figure 4.) There are 165 different programs from a number of different departments and agencies ranging in cost from $650 million to less than $100,000. Thirty-four of these programs have been ranked as "high" and placed in rank order. The table recommends that these programs are funded as well as an additional 21 ranked "low." If there are additional funds available, they might be best targeted at some of the next 113 programs categorized "buy next" — 47 of which are currently funded and would cease to be funded if the budget is adopted. A further three programs are categorized as "Do not buy."

Of course, the actual budget is proposed by the governor but determined by the legislature. This table has the status of advice to the governor, but it is the key process in shaping the budget submitted to the legislature. In this case, the budget submitted to the legislature incorporated savings worth around $200 million annually by eliminating low-priority activities. As Larisa Benson, the director of performance audits in Washington state says:

> The strength of the budgeting approach in Washington is that we can break down the budget both by the outcomes that different programs achieve and by the different agencies. In addition, this has the potential to make the budget more transparent to the legislature so that they can see why the governor has proposed the budget she has. And if legislators wish to promote a particular program up the ranking, they can, but it's clear that unless there is additional money, another program will need to be moved down the ranking.[30]

FIGURE 4

Ranking programs which contribute to improving the safety of people and property in Washington state

Funded priorities: $3.3 billion (selected programs shown)

High	$642m	Confine convicted adults in state prisons—violent and sex offenders
	$104m	Civil commitment—sexual predators
	$234m	Highway traffic enforcement and emergency operations
	$256m	Re-entry services for adult offenders
	$131m	Institutional services for state committed juvenile offenders
	$ 234m	Health care services for adults in state prisons
	$103m	Examining and licensing citizens to operate motor vehicles
	$426m	Confine convicted adults in state prisons- drug and property
	$134m	Corrections—core administration, confine and rehabilitate
	$19m	Disaster response recovery
Low	$51m	Public defense
	$14m	Adjudication for state courts
	$23m	Criminal records management
	$150m	Administration and support for state courts

Unfunded priorities: $486 million (selected programs shown)

Buy next	$43m	Electrical accident prevention*
	$24m	Confine convicts in state prisons—custody model review
	$25m	Health care for adults in state prison- staffing
	$26m	Re-entry services for adult offenders — re-entry update
	$15m	Enforcement and investigation in state gambling laws*
	$35m	Management support for public law enforcement*
	$14m	Auto theft prevention*
	$7m	Enhancing 911 services
Do not buy	$3m	Vehicle identification number inspection*

Source: Office of Financial Management, State of Washington, available at http://www.ofm.wa.gov/budget/pog/documents/HHfinalsummary.pdf

* Denotes an existing activity recommended for elimination

In defining a set of outcomes it wishes to achieve, and then ensuring that the budget allocation process is connected to these outcomes, Washington operates a particularly innovative approach. The process's transparency helps the legislature engage with the budget-making process—and ensures that funds are genuinely used to help deliver the outcomes that are most important for the state.

While the approach has been led by the executive branch, it has taken significant hold in the legislature too. Senator Joseph Zarelli, a leading Republican state senator and the ranking member on the Ways and Means Committee, recently introduced a bill that would put the government's 10 priorities on a statutory footing—and increase the scrutiny of programs so that funds are invested in programs that are most effective at achieving the priorities.[31]

The Chair of the House Ways and Means Committee, Rep. Kelli Linville (D-WA) also underlines the importance of finding the most effective means to achieve Washington's goals:

> We need to fundamentally reset the way we prioritize and fund government programs. We need to ask ourselves the hard questions: What is [the] government's role? How effective are we? Is there a better, cheaper way to do it? What are the most important priorities we should invest in, and, are there things we should stop doing?[32]

BOX 3
Setting the budget bar
Washington state's 10 high-level outcomes

- Improve **student achievement** in elementary, middle, and high schools
- Improve the value of **postsecondary learning**
- Improve the **health** of Washingtonians
- Improve the security of Washington's **vulnerable children and adults**
- Improve the **economic vitality** of business and individuals
- Improve **statewide mobility** of people, goods, and services
- Improve the **safety** of people and property
- Improve the quality of Washington's **natural resources**
- Improve **cultural and recreational opportunities** throughout the state
- **Strengthen government's** ability to achieve results efficiently and effectively

Source: Office of Financial Management, State of Washington, available at http://www.ofm.wa.gov/budget/pog/glossary.asp

The United Kingdom

The British system of Public Service Agreements

In 1998, at the same time as announcing budgets for government departments, the British government adopted a new set of public targets.[33] These targets, contained in the Public Service Agreements, or PSAs, sought to set out what the country should expect from government departments in return for the spending they were being allocated. Sir Suma Chakrabarti, who worked in the Treasury at the time and was behind the framework, describes the internal thinking:

> We were about to announce in the first spending review of the Blair government significant increases in spending and I felt it important that we explained to the public what they would get in return. The U.S. had recently adopted GPRA and the U.K. system of allocating funds to government departments without any sense of what they would deliver seemed behind the times. The first set of PSAs were a little rough and ready but they did establish the principle.[34]

In the initial set, there were 350 targets across 28 government departments, including reducing death rates from heart disease, slowing down increases in crime, and increasing the number of children achieving school leaving qualifications.[35] Targets were set over a three-year timeframe, and the best targets were focused on clear outcomes for the public rather than inputs from the public sector.

The British government has refreshed the framework regularly with a new set of targets adopted every two to three years. Despite this, there remains significant continuity, with many targets readopted with more ambitious goals set. Some targets may be removed, either because they have been achieved and there is no need for continued progress in that area, or because there has been a change in political priorities. In addition, as new priorities emerge, new targets are set.

The latest framework was adopted in 2007. But instead of targets being held by individual departments, they are now interdepartmental, and the number of targets has been radically reduced to 30, each with around five indicators falling under them.

The British government is responsible for a much broader range of issues than any of the government examples discussed above, and so it is particularly interesting to look at. The level of centralization in the United Kingdom means that the breadth of issues is wider even than the U.S. federal government.

The U.K. experience demonstrates the power that targets can have in getting public servants to think creatively about ways to achieve the outcome goals. Case in point: The British Home Office, which is responsible for immigration, policing, and drugs, set a challenging target to reduce vehicle crime by 30 percent between 1998 and 2004. The result was a particularly broad and innovative policy response, including working with car manufacturers to improve vehicle security standards, introducing a new voluntary standard for car parks in the United Kingdom so that police forces accredited those car parks that had good security measures in place, and advertising campaigns to encourage car owners to be more careful. Sir Michael Barber, who was the head of Prime Minister Tony Blair's Delivery Unit at the time, says:

> The team was impressive in tackling vehicle crime. They worked hard to understand what really drove vehicle crime. They understood it was much broader than policing— not easy for a ministry focused on law enforcement—but also about the behavior of insurers, car manufacturers, and car owners. They developed a plan to ensure the target was delivered which was rooted in evidence. They persuaded the key players to buy in and constantly monitored progress towards the target.[36]

The team responsible for delivering the target faced challenges, as one member noted:

> When GPS systems came out, we found that thieves would try to break into vehicles to steal the devices. We launched an advertising campaign to encourage people to put their GPS device away when they left their vehicle and also to ensure there was not a visible mark where the suction pad had been.[37]

The overall impact of these measures was particularly impressive. From the year before the target was adopted to the year it expired, vehicle crime fell by 46 percent in the United Kingdom, and thefts of vehicles— which form about a tenth of vehicle crime in the United Kingdom— fell by 43 percent.[38] In the United States, the Federal Bureau of Investigation publishes data on theft of vehicles there. The data show a much more modest decline over the same period at 14 percent.[39]

The United Kingdom also shows how targets can be used to help prioritize resources within agencies. In 2002, the British Department for International Development adopted targets focused on achieving the United Nations' Millennium Development Goals, which include halving

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BOX 4
The Millenium development goals

1. Eradicate extreme poverty and hunger
2. Achieve universal primary education
3. Promote gender equality and empower women
4. Reduce child mortality
5. Improve maternal health
6. Combat HIV, AIDS, malaria, and other diseases
7. Ensure environmental sustainability
8. Develop a global partnership for development

Source: http://www.dfid.gov.uk/Documents/publications/
departmental-report/2009/volume1.pdf

the number of people in the world living on less than a dollar a day by 2015 (See Box 4).[40] This meant sharpening the focus for this particular department on the need to identify the countries where its interventions were most likely to lead to progress against the Millennium Development Goals. The department identified around 20 countries in Africa and Asia and developed a strategy that increasingly focused on these countries.

As a result, there was a significant change in the way funds are spent. In 2003, 63 percent of the overall budget for country programs was spent in the target countries. This year, it is projected to be 88 percent. And the change is particularly visible in some countries: Funds for Sudan and the Democratic Republic of the Congo, for example, increased eight fold over the same period. At the same time, the department has now terminated all country programs in Latin America, Ukraine, and Russia.

The biggest changes, however, were cultural. Sir Suma was the permanent secretary of the department at the time. He notes:

> The new targets helped ensure our staff were clear about what we stood for as an organization. Our mission was clearly poverty reduction, not foreign policy or commercial policy. And our work needed to reflect that. Defining the mission clearly meant that our staff thought hard about how resources should be used, and also about whether our initiatives contributed to the overall goal. And it also helped to motivate our staff. Within a few years, we had the most engaged employees of any government department.[41]

One interesting aspect of the U.K. approach is the way targets were used to help departments and agencies develop strategies to alter perceptions. One example is community cohesion, or the "glue" between communities that is essential for localities to function coherently. In 2001, Britain saw its first significant breakdown in community relations for some 20 years with race riots in three cities. Even though the incidents were short lived and the casualties were fortunately limited, the British government was spurred to think about what it could do to avoid similar situations in the future.

It concluded that it needed to develop a policy approach to strengthen bonds among communities. In 2002, the government announced a target to increase community cohesion and adopted a measure of cohesion—the extent to which citizens felt that they lived in an area where people from different backgrounds got on well together.[42]

The aim was that by increasing the scores on this measure, it would be possible to strengthen community bonds and as a result minimize the risk of future violent incidents. It would also give communities a stronger foundation as globalization led to increased diversity across much of the country.

The target led the government to consider how it could increase bonds among people with different backgrounds. A central thesis was that greater interaction among communities would lead to greater levels of trust. The government adopted policy measures such as ensuring that housing and schools were multicultural rather than segregated, investing in summer activity centers that brought together young people from different backgrounds, encouraging migrants to learn English, and discouraging local councils from translating literature into foreign languages.

In addition, police forces and councils were given guidance on how to monitor tension levels in communities and what they could do to reduce tensions. It was impossible to require local agencies to comply with this guidance—and so the key was to build partnership with local agencies.

The effect was a change in citizen perceptions. In 2008-2009, 84 percent of people agreed that their local area was a place where people from different backgrounds got on well together.[43] This was 4 percent greater than in the surveys conducted in 2003 and 2005. Local level data, however, continues to show significant differences, with some parts of the country showing around 50 percent positive responses, and others showing around 90 percent, which sets out the challenge that remains in some areas.

What is most striking about this example is that even on something that initially appeared to be impossible to measure, and where it is far from clear how government can influence the outcome, setting a target helped focus the attention of public servants on how to address the issue.

The U.K. approach demonstrates that it is possible to define goals for government in a particularly complex setting and across a wide range of policy areas. Targets focused on outcomes can lead public officials to think creatively about how to achieve them, and then build alliances with other organizations and agencies to win their buy in. As it is the delivery of the outcome that is judged as success, not the delivery of the program, public officials are incentivized to think hard about what will work, and to continually test and adjust solutions until they are successful.

Key lessons and generic challenges

Each of the examples discussed above seeks to define outcomes for governments at a level that is considerably higher than the department or agency level, and each of them is an example of public sector innovation in practice (see Box 5)

BOX 5

Key lessons from our analysis

State of Victoria, Australia:
- Defining the objectives of government over a 10-year timeframe through a summit bringing together a wide range of people with different perspectives
- Expecting governmental agencies to work together toward these goals, and using the goals as a backdrop to the budget allocation process
- Culture change within government moving from a focus on the outputs of agencies to the outcomes that government as a whole is seeking to achieve

Commonwealth of Virginia:
- Building a cross-party consensus including legislators, the executive, and others on what success looks like for Virginia
- An easy-to-access scorecard coupled with an excellent website that allows citizens to see what progress is being made across the state
- Making data available at the local level so that residents and legislators have good information about outcomes for their particular community

Scotland:
- Defining an overall goal for government that sits above five strategic objectives
- Reorganizing accountabilities in government so they are focused on the key goals for the nation rather than around organizational boundaries such as health or education
- Concluding agreements with municipalities to ensure that they are aligned behind the overall goal in return for greater financial freedoms

State of Washington:
- Redefining the way that budgets are set so that the first question is what do citizens want from government
- Asking agencies to rank potential programs depending on their likely contribution to achieving the outcome, and basing the executive's proposed budget on this ranking
- Sharing the ranking with the legislature at the same time as the budget so that they are clear about the trade-offs involved

United Kingdom:
- Defining a set of outcome goals as part of the budgeting process
- Goals cover the breadth of government responsibilities, from international development to education and from crime reduction to community relations
- Asking public officials to come up with innovative policies and programs to deliver the outcome goals by working across agencies, developing partnerships with others and reprioritizing budgets as necessary

While each example is different in its detail and context, they all have three characteristics in common:

- Defining outcomes at a level higher than the work of a particular agency and reporting publicly on success against these outcomes
- Giving public servants, and those who hold them to account, clarity about what the goals are
- Incentivizing public servants to think hard about how to achieve those outcomes, and how to innovate their approaches so that they are most effective at delivering the outcomes

But there are also challenges with approaches that define outcome goals at a high level. First of all, there can be a tendency for the executive and legislature to seek to define goals in tremendous detail—as is evident in the federal government's experience with GPRA. Hence, defining a small set of outcome goals for the long term can feel counterintuitive. But, interestingly, a number of those interviewed for this report say that the process of defining goals has not been as hard as it might have been once there is commitment to do so. It is not that hard to get an agreement that government should increase school attainment, or reduce crime. It is moving to a mindset where these goals are set at a sufficiently high level that is more difficult.

Secondly, it can also be hard to sustain clarity about outcomes for long periods of time. Sometimes a changing context merits a change of direction. But more often, it is because continuing to pursue a long-term goal is a difficult political message to communicate. While defining the outcome goal is often interesting for the media, progress toward it is rarely an interesting story for journalists. In addition, political office holders often move on before the outcome has been achieved, and new office holders want to place their own mark on their role—announcing new goals is one way to do that. One way of addressing this challenge is by refreshing the framework regularly as the United Kingdom does with some goals renewed and others replaced. Another alternative is working to build consensus for the long term when the framework is adopted—as Virginia and Victoria demonstrate.

Third, when governments define outcomes or goals, it is natural to focus on the big things that government wishes to achieve, but alongside these there are also a series of basic lower profile things that need to be done right. These basics include running the road network, emergency planning, and protecting citizens from major risks such as terrorism or health scares. Rarely would a government say that its key objectives include getting these basics right—it is just expected that the executive branch will deliver that, and when they do not, the electorate is rightly angry, as was the case across the United States in the wake of Hurricane Katrina. But a greater focus on outcome goals risks demotivating those public servants whose work is focused on these basics as they may feel excluded from the larger message on the government's high-level objectives. The best way of addressing that is by ensuring that leaders in the executive branch are clear about the importance of getting these basics right alongside the high-level objectives and work hard to communicate that to staff who work on these issues.

Fourth, adopting outcome goals is challenging, but even more difficult is integrating goals into organizational cultures. The risk is that the goals become no more than a backdrop—something that is included at the front or back of publications, but has no impact on what the organization actually does. Making those links is about effective organizational leadership with leaders making clear that delivering the goals is the key objective for the agency and that strategies should be focused on achieving these goals. Many organizations make that transition, and once they do, the potential benefits are significant, with greater clarity on mission helping to increase staff morale and employee engagement.

Fifth, adopting a clear set of outcome targets is not in itself a guarantee that they will be delivered. There is also a need for a relentless focus by leaders on the delivery of targets, so that those responsible genuinely feel accountable for success, and they are given the support and challenge they need to be successful. There are various institutional structures that governments discussed in this paper have adopted that help maximize the chances of success. The United Kingdom, for example, set up the Prime Minister's Delivery Unit,[44] and Washington state has set up Government Management Accountability and Performance.[45]

Sixth, one advantage of outcome goals is that they encourage the executive branch to think hard about what is necessary to achieve the goals, even where those strategies are less obvious and more complex than conventional approaches. Often, that requires the executive to build alliances with others outside, among them interest groups, other levels of government, and the private and nonprofit sectors. Some of these may feel threatened by the change in approach, and fear that programs they are fond of might be replaced by others. Winning the buy-in of external organizations is crucial for success and can require a new way of working by many agencies.

Seventh, the legislature has a key role to play. By determining the budget, it decides where funding should flow. It is no use if the process of goal setting is conducted in isolation from the process of allocating funds. Washington state and the commonwealth of Virginia both demonstrate that it is possible to set goals for government in a model where there is a clear and strong separation of powers between the executive and legislature branches by ensuring that both of them work closely together.

Eighth, defining goals for the long term does not mean that day-to-day political differences go away. In some cases, differences remain between parties about what the goals should be, with the opposition arguing that the incumbent is insufficiently ambitious or is targeting the wrong outcome. Even where there is cross-party consensus on goals, there can be even more vigorous differences of view between political parties about the best way to achieve the goals, with inevitable criticism by opposition parties of the strategies the incumbent is pursuing, and the incumbent doing its best to place the progress it is making in the most positive light.

Ninth and last, even where governments have adopted clear outcome goals and used these to determine which programs should be backed and which should not, tax expenditures can sometimes be excluded from the process. Tax levers are generally held by the Treasury and the legislature, unlike other tools that are the responsibility of other government agencies. But changing the tax regime is an important way in which government tries to achieve outcomes. Washington state has worked to increase the scrutiny of tax expenditures by carrying out reviews of tax alongside its budget process. And the United Kingdom uses taxation as a lever to help meet its goals on reducing greenhouse gas emissions.

The examples above demonstrate that it is possible to overcome these challenges, and deliver a strong focus on outcomes in the way government operates.

A way forward for federal government

With a renewed emphasis on the importance of ensuring that government spends taxpayer dollars to do what works, now is an excellent time for the federal government to move toward a system of setting outcome-based goals. In short, that would mean:

- Government should define clear outcome goals at the highest level feasible. These goals should be about what government wishes to achieve for society, such as reductions in crime or improvements in educational attainment.

- Because few of these goals can be achieved by a single government department or agency it makes sense for the goals to be defined at the level of government as a whole, or across a number of relevant government agencies.

- Public servants and those to whom they are accountable such as legislators, voters, and taxpayers should all be clear about what the goals are, and who in government is responsible for delivering.

- Government agencies should work together to build strategies to deliver these goals. They should be encouraged to think creatively about how best to achieve the goals, including by building partnerships with other organizations. They should consider options that feature tax expenditures alongside other forms of government intervention such as funding programs and regulation.

- All existing and future government programs should be evaluated by the contribution they make to these goals.

- Data on progress toward the outcome goals should be transparently available to the public.

- Where possible, the executive branch and the legislature should work together to define long-term goals. It is also important that budget setting operate in the context of the goals so that funds are allocated to programs that are most effective in delivering the outcome goals.

Moving to this model would not require legislative change, but it is essential that any reforms be done in concert with Congress since sustaining change and embedding it into the budgeting process requires buy-in from both the executive and legislative branches.

While making the changes set out in this paper would not be easy, the potential benefits are huge. Without clarity about what government and its departments and agencies are seeking to achieve, staff often just think that the right strategy is the one they adopted last year, which was tweaked slightly depending on what feels like a sensible reform. While there is often an internal rhetoric on ensuring that programs deliver and efficiency is improved, there are few metrics to measure success by, and little sense of what the programs are collectively trying to achieve. And often, there are enormous forces at play in agencies to resist change. Federal workers can be deeply defensive about the programs they are responsible for, and see protecting them as an objective in itself, regardless of how they rank against other potential uses of public funds.

Rising to the challenge President Obama set in his inauguration speech requires a fresh and innovative approach, including serious reform of the government's performance management approach, in order to establish much greater clarity about what federal government is trying to achieve. This would provide an opportunity to ensure those programs that work best are the ones that expand and grow, and those that work least well are discontinued. And as a result, by focusing on Doing What Works, there is significant potential to increase the effectiveness of federal spending.

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