

Smarter IT Delivery

Meeting Our Greatest Challenges: The President's Fiscal Year 2017 Budget

Under the President's leadership, we have turned our economy around and created 14 million jobs. Our unemployment rate is below five percent for the first time in almost eight years. Nearly 18 million people have gained health coverage as the Affordable Care Act has taken effect. And we have dramatically cut our deficits by almost three-quarters and set our Nation on a more sustainable fiscal path.

Yet while it is important to take stock of our progress, this Budget is not about looking back at the road we have traveled. It is about looking forward and making sure our economy works for everybody, not just those at the top. It is about choosing investments that not only make us stronger today, but also reflect the kind of country we aspire to be – the kind of country we want to pass on to our children and grandchildren.

The Budget makes critical investments in our domestic and national security priorities while adhering to the bipartisan budget agreement signed into law last fall, and it lifts sequestration in future years so that we continue to invest in our economic future and our national security. It also drives down deficits and maintains our fiscal progress through smart savings from health care, immigration, and tax reforms.

The Budget shows that the President and the Administration remain focused on meeting our greatest challenges – including accelerating the pace of innovation to tackle climate change and find new treatments for devastating diseases; giving everyone a fair shot at opportunity and economic security; and advancing our national security and global leadership – not only for the year ahead, but for decades to come.

The Administration has embarked on a comprehensive approach to fundamentally improve the way Government leverages information technology (IT) as a resource within agencies and delivers technology services to the public. The Budget continues the significant progress already made under the Administration's *Smarter IT Delivery* agenda by proposing a Federal IT budget of \$89 billion, which represents a 1.3% increase over FY16. The FY2017 Budget funds critical agency investments, while also including additional resources for the United States Digital Service (USDS) and funding agency digital service teams to increase the success rate of the highest priority IT and digital services projects in Government. It also includes investments to promote best practices, increase oversight and accountability for IT spending, and improve IT procurement.

The *Smarter IT Delivery* agenda is oriented around three core objectives:

- Enhancing the skills and abilities of people doing technology work by bringing the best IT professionals into government and strengthening the skills of those already in government;
- Establishing effective processes to drive outcomes and accountability; and,
- Becoming partners with the most innovative companies.

Recruiting the Best Talent.

Getting the best talent working inside of Government is a key component of our Smarter IT Delivery strategy. The Budget will be used to recruit more of our country's top technologists and entrepreneurs to work within agencies on the highest priority projects, with support and oversight from OMB. Resources will also be applied to expanding opportunities for the existing Federal IT and acquisition professionals to remain current in the latest IT developments and practices.

- **The United States Digital Service (USDS).** In 2014, the Administration piloted the USDS – a group of select private-sector innovators, entrepreneurs, and engineers recruited to government service to improve and simplify the digital experience between individuals, businesses and the government. Since its inception, this team of America's top digital experts have worked in collaboration with Federal agencies to implement cutting edge digital and technology practices on the Nation's highest impact programs. This includes working with the United States Citizenship and Immigration Services (USCIS) to launch *myUSCIS*, a platform that allows users to easily access information about the immigration process and launching the new College Scorecard with the Department of Education to provide students, parents, and high school counselors with the information they need to make more informed choices about college. The Budget proposes funding to expand USDS to work on high priority projects and coordinate cross-agency technology initiatives such as veterans' benefits, disability claims processing, electronic health records, and federal student loan processing.
- **Scaling Digital Service Experts across the U.S. Government.** To institutionalize the dramatic improvements that this approach has demonstrated, the Budget funds the development of digital services teams at 25 agencies. These small, high impact teams will drive the quality and effectiveness of the agency's most important digital services. The U.S. Digital Service will work alongside agencies to help stand up these teams, providing support for hiring, training, and procurement recruiting. In addition, the Budget includes investments for training current Federal IT and acquisition professionals to address some of the Federal Government's most challenging IT problems. This Budget builds on the successful IT Solutions Challenge launched by the Chief Information Officers Council, the Chief Acquisition Officers Council, and OMB that piloted an innovative approach to digital IT acquisition training.

Leveraging the Best Processes.

The Administration has made significant progress encouraging data-driven processes to provide effective oversight of government IT. By establishing mechanisms such as PortfolioStat, a data-driven review of agency IT portfolios, we have not only strengthened federal IT, but made it significantly more cost effective.

- **FITARA Implementation.** The passage of the first major IT reform legislation in almost 20 years, the Federal Information Technology Acquisition Reform Act (FITARA) in December 2014, gave the Administration's ongoing work under Smarter IT Delivery an added boost. To aid in government-wide implementation, OMB released guidance to agencies on FITARA implementation – *Management and Oversight of Information Technology Resources*. This guidance empowers Federal executives to help ensure that IT resources and tools are used

effectively and strategically to help programs better meet their missions. OMB has been working hand-in-hand with agencies to help them implement this legislation and the guidance and will continue overseeing its implementation moving forward. For example, OMB recently launched a central location for tools and resources to support agencies in implementation.

- **PortfolioStat.** PortfolioStat and other IT reform efforts have helped the government achieve more than \$3.5 billion in savings over the past four years while ensuring agencies are efficiently using taxpayer dollars to deliver effective and innovative solutions to the public. PortfolioStat promotes the adoption of new technologies, such as cloud computing and agile development practices. As a result of these continuing efforts, the Federal Government now spends approximately 8.2 percent of its IT budget on provisioned services such as cloud computing, on par with leading private sector companies. In addition, agile development – an incremental, fast-paced style of software development that reduces the risk of failure – is now used for half of new software projects compared to just 35 percent in 2012, and projects using agile have been more successful in being on time and on schedule compared to “waterfall” development approached.
- **Tools and Resources.** Over the past two years, the Administration has released several playbooks and resources to help Federal agencies improve their digital services. These include the *Digital Services Playbook*, *TechFAR Handbook* and the U.S. Web Design Standards. The *Playbook* outlines key "plays" drawn from private and public-sector best practices that will help Federal agencies deliver services that work well for users and require less time and money to develop and operate. The *TechFAR Handbook* explains how agencies can execute key plays in the Playbook in ways consistent with the Federal Acquisition Regulation (FAR), which governs how the Government buys goods and services from the private sector. The U.S. Web Design Standards, an open source visual style guide to create consistent and superb user experiences across U.S. Federal Government websites. All of these guides are edited on GitHub, where they serve as living documents that can be shared and shaped by digital experts across the country.
- **Category Management.** In 2015, the Administration launched Category Management, an approach that fundamentally shifts from managing purchases and price individually across 3,200 procurement units (which results in an average price variance of 300% for certain common purchases), to managing entire categories of purchases across the whole Government. By bringing common spend under management, including collecting prices paid and other key performance information, we will ensure, among other things, that agencies get the same competitive price and quality of performance. This approach, used extensively by private industry, will help us drive greater savings and efficiencies in federal contracting. While the Administration is moving aggressively to launch government-wide strategies across all ten new categories of spending, including transportation and professional services, OMB is doing its deepest dive into IT spending, which exceeds \$50 billion a year. For example, the first IT Category Management memorandum, M-16-02, established policies to prohibit new contracts for laptops and desktops, mandated use of standard configurations, and implemented improved demand management strategies. The Federal Government has already seen workstation prices from some vendors drop as much as 50 percent. In FY 2016 and 2017 the Administration will continue to expand Category Management in the areas of software, telecommunications and IT services.

Contracting with Innovative Companies.

The Government must work with private sector innovators to ensure the best use of cutting edge technologies and practices. However Government's existing procurement practices can still present barriers to entry that prevent agencies from contracting with these firms. To attract the most innovative companies, the Administration is working to strengthen vendor relationships, improve acquisition workforce skills, and seek feedback from vendors to improve outreach and solicitations. The goal is to bring more innovative companies into the Federal marketplace. The Administration is expanding a feedback process where vendors can rate their experience in dealing with Federal acquisitions, is continuing to make information technology investments to improve vendor engagement throughout the contracting process, and is engaging in a pilot to identify additional ways to reduce vendor burden. These efforts are paying off with almost 200 new small businesses winning Federal contracts for IT software development investments in FY 2015.

This past year, the U.S. Chief Acquisition Officer's Office of Federal Procurement Policy (OFPP) and the U.S. Digital Service created and launched the *Digital Service Contracting Professional Training and Development Program*, which seeks to use innovative, private sector best practices to train contracting officers to become experts in buying digital IT services. USDS and OFPP identified the winning training program, and the first class of 30 career, government Contracting Officers began their training in October of 2015 and will graduate in Spring 2016. In 2016, OFPP and USDS will launch the second class, while expanding the training to include other important members of an acquisition team, like program managers and lawyers.