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BEFORE THE
SUBCOMMITTEE ON TECHNOLOGY, INFORMATION POLICY, INTERGOVERNMENTAL
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Mr. Chairman and Members of the Subcommittee,

Thank you for the opportunity to appear before the Subcommittee to discuss the Administration's views on e-government. To answer the question posed in the title of this hearing, yes –we are headed in the right direction. We welcome your interest and the continued opportunity to work with you to strengthen IT and e-government.

E-government is increasingly becoming the principal means by which citizens engage with their government. A September 2002 report from the Pew Foundation found that 71 million Americans have used government web sites – up from 40 million in March 2000. And based on a poll commissioned by the Council for Excellence in Government, citizens overwhelmingly believe that e-government leads to better government. The President sees e-government as part of a larger vision for reforming government.

Electronic Government, also known as e-government, is one of the key elements in the President's Management Agenda. The Expanding E-Government initiative is bringing more services to the American citizen over the Internet and is using IT to improve management throughout the Executive Branch. Federal investments in IT, through the President's e-government initiatives, can free-up billions of dollars in unnecessary federal IT spending, reduce government's burden on citizens and businesses, and improve government operations to accelerate government response times, often from weeks to minutes. This Administration continues to integrate and align e-government with the President's other management initiatives: budget and performance integration, strategic management of human capital, competitive sourcing, and improved financial performance. The potential for substantial improvement is greater if all these initiatives are pursued concurrently.

The Administration is pleased to have worked with this Committee to pass the E-government Act of 2002, which establishes an Office of E-government in OMB, and codifies several important activities and efforts to further e-government. We will discuss our implementation of the Act later.

E-government and the President's Management Agenda

The President's vision for reforming government emphasizes that “government needs to reform its operations—how it goes about its business and how it treats the people it serves.” The vision is guided by three principles:

- **Citizen-centered**, not bureaucracy-centered;
- **Results-oriented**; and
- **Market-based**, actively promoting innovation and entrepreneurship.

For the e-government initiative, the strategic question that we face is how to maximize results from the more than \$50 billion we invest annually in IT.

Electronic commerce and Internet technology have made daily tasks easier and quicker; the U.S. government is now working to do the same for U.S. citizens. E-Government will enable agencies to work together to improve services significantly and reduce operating costs.

The e-government initiative requires agencies to use modern, secure technologies to increase productivity, while responding faster and better to the needs of American citizens. E-government promotes the use of e-business tools by agencies in lessening paperwork burdens. The e-government initiative provides tools for all levels of government – local, state, and federal – to work together. As a result of e-government, conducting business with the government becomes easier, more private, and secure.

When using the Internet, it should not take a citizen more than three “clicks” of a mouse to access the government services and information needed. That is our goal. Achieving this vision requires agencies to integrate and to simplify their operations.

The Administration’s e-government efforts address the six chronic problems that limit results from Federal IT spending. These chronic problems are:

- **Paving Cowpaths** – Agencies have automated existing outdated processes, instead of fixing underlying management problems or simplifying agency procedures to take advantage of new e-business and e-government capabilities.
- **Redundant Buying**—Agencies have made unnecessarily duplicative information technology investments.
- **Inadequate Program Management** -- Many major IT projects have not met cost, schedule, and performance goals.
- **Poor Modernization Blueprints** – Few agencies have had plans demonstrating and documenting the linkage between IT capabilities and the business needs of the agency.
- **Islands of Automation** – Agencies have built individual capabilities that are not interoperable with one another. Few IT investments significantly improve mission performance.
- **Poor IT Security** -- Major gaps have existed in agency and government-wide information and IT-related security.

Implementing the Strategy

The Administration's E-government Strategy is a two pronged approach to IT reform: modernizing within agencies around the tenets of e-business, and consolidating and integrating IT investments across agencies around groups of citizens. The Federal Government has made significant progress toward becoming a transformed and more productive "E-Enterprise," focusing on how IT is managed at an enterprise level within and across agencies. Since the President proposed 24 E-government initiatives in the 2003 Budget, 19 have already delivered significant capabilities and are showing results.

The E-Government initiatives consolidate dozens of redundant agency centered efforts. The 24 projects were selected on the basis of the value they would bring to citizens, while generating cost savings or improving effectiveness of government. The initiatives reflect the Administration's E-Government Strategy, which focuses on four citizen-centered groups.

- **Individuals:** Building easy to find one-stop-shops for citizens -- creating single points of easy access to high-quality government services. Citizens should be able to find what they need quickly and easily and access information in minutes or seconds, instead of days or hours. For example, the GovBenefits.gov portal is expanding to provide potential beneficiaries with instant access to information for all government benefit programs and services through a single web site. Federal agencies use IT to enhance delivery of government services, and to engage the public in new and constructive ways in the development and implementation of policies and programs.
- **Businesses:** The Federal government must use the Internet to reduce the burden it places on businesses. The Administration cannot continue to make businesses report the same data to multiple agencies because the government fails to minimize redundant data collection and use commercial electronic transaction protocols. A citizen centered approach will streamline reporting requirements as well as facilitating a more efficient means for business to do business with the government. For example, the Business Compliance One Stop project reduces government's burden on business owners by making it easy to find, understand, and comply with laws and regulations.
- **Intergovernmental:** The Federal government must make it easier for states and localities to meet reporting requirements, while promoting performance, especially for grants. State and local governments will see significant administrative savings and will be able to improve program delivery through collaboration tools for e-government. Enhanced and more visible performance reports will help make government at all levels more accountable for results and wise use of resources. Moreover, improving the way that information is shared among levels of government will improve the nation's ability to provide for homeland security. Many of the intergovernmental initiatives are designed to improve homeland security as identified in the President's Budget and in the National Strategy for Homeland Security released in July. For example, one initiative is a secure portal that will improve the disaster management process by simplifying and unifying the interaction between Federal, state, and local public safety personnel.

- **Internal Efficiency and Effectiveness:** The Federal government must modernize internal processes to reduce costs for federal government agency administration. Industry best practices in supply-chain management, financial management, and knowledge management improve agency efficiency and effectiveness, eliminates delays in processing, and improves employee satisfaction and retention. A clear model is the E-Training initiative which is consolidating numerous online federal training capabilities into a premier E-training portal (GoLearn.gov), providing enhanced access to high quality training and competency development for federal employees.

The 24 projects achieve results by simplifying and unifying redundant work processes and IT. Agencies have since identified additional opportunities for using e-government to work across boundaries to improve performance and reduce costs.

Significant progress has been made on the projects in the last year, including the launch of numerous government portals, initiative websites and consolidations. Our recent achievements include:

- **FirstGov.gov:** Provides American citizens with a gateway to the federal government. Named “One of the Top 50 Most Incredibly Useful Web Sites” by *Yahoo! Internet Life*, July 2002 and redesigned to provide government services within “three clicks.” The new “three clicks” strategy has increased the number of site visitors by 50 percent. Recently launched within Firstgov is Science.gov, a gateway to science and technology and related R&D information provided by U.S. Government agencies.
- **Recreation.gov:** Provides citizens with one-stop online access to America’s National Parks and public recreation areas. The web site includes links to 1900 federal parks and receives more than 750,000 site visitors per month.
- **GovBenefits.gov:** Offers citizens one-stop access to information and services of almost 200 government programs representing more than \$1.3 trillion in annual benefits. GovBenefits receives more than 500,000 visitors per month and is listed as one of *USA Today*’s “Hot Sites.”
- **GoLearn.gov:** This on-line training initiative is the number one most visited e-training site in the world, with more than 36 million hits for information on many thousands of e-training courses, e-books, and career development resources. GoLearn.gov has already allowed over 30,000 federal employees to receive training at a cost of pennies per course that would not have been possible prior to the launch of this initiative. Traditional training approaches only serve a fraction of this number of people, often at as much as \$2,500-\$5,000 per class.
- **Volunteer.gov:** Works in support of the President’s USAFreedomCorps initiative by allowing citizens to have access to information about volunteering for more than 100,000 openings at national parks, veteran hospitals, and other federal facilities.

- Integrated Acquisition: Helps federal agencies acquire quality goods and services cost-effectively by providing one-stop access to a catalogue of interagency vendor contacts and a record of vendor past performance.
- E-Payroll: Consolidates government payroll processing from 22 service providers to two service partnerships. \$1.2 billion will be saved over the next 10 years by modernizing just two providers, rather than 22.
- IRS Free Filing: Over 78 million Americans can file their taxes online for free beginning in the 2003 tax filing season. In the first 5 weeks for the tax season, 1.3 million Americans have used this service as of February 21st. The number of e-filed returns is up 8.1 percent from the same time last year.
- Regulations.gov: Makes it quicker and easier for citizens and small businesses to find and comment on hundreds of proposed rules. Regulations.gov is estimated to save \$94 million by creating a single system that makes the rulemaking process more efficient. Since its launch on January 23rd of this year, the site has had approximately 1.5 million hits.
- E-Clearance: E-Clearance has deployed an integrated database that will enable significant reductions in the security clearance backlog.
- Disability.gov is a one-stop resource for Americans with disabilities, providing them access to disability-related information and programs available across the government. The disability.gov website was launched in October 2002.

We are continuing to focus on improving government responsiveness and reducing the government's burden. Here are some of the initiatives that will have deployments over the next few months:

- Geospatial One Stop Portal will launch in Spring 2003, pulling together all existing and planned federal geospatial assets into one-stop shopping for all customers
- Disasterhelp.gov: Although launched with information for citizens, the need for security limits access to first responders. At the end of April, the initiative will launch a robust set of tools for Federal, state, local, and tribal first responders to work together before, during, and after a disaster.
- Business Compliance One-Stop: One-stop Internet access to help small businesses find the laws and regulations they must comply with to start and/or manage a business.
- E-Grants: The E-Grants website deploys in October, there will be a simple one-stop online place for state and local governments, researchers, faith and community based organizations, citizens and businesses to easily look across 500 grant programs to see what grant may meet their needs.

- **Recruitment One-Stop:** Will provide one-stop access to government job opportunities and deliver state-of-the-art on-line recruitment services to job seekers including intuitive job searching, on-line resume submission, applicant data mining, and on-line feedback on status and eligibility

We have attached Table 22-2 from Chapter 22 from the Analytical Perspective of the FY 2004 President's Budget, which summarizes the 24 E-government initiatives, recent accomplishments, performance metrics and coming milestones for the Committee's information.

Agency Success

Agency IT investments continue to make the federal government the largest buyer of IT in the world and agencies are deriving better value from IT. Indeed, effective use of IT will improve the government's overall performance. This improvement is occurring within agencies by modernizing to support their mission and improve their infrastructure and across agencies by simplifying and unifying activities around the needs of citizens.

Some improvements have been attained through better IT management within agencies. Additionally, specific initiatives in the federal IT portfolio have started to deliver real successes in citizen services and government operations. For example:

- **Departments of Defense and Veterans Affairs Sharing of Information Technology:** The Department of Veterans Affairs has incorporated the Department of Defense's eligibility and enrollment system -- providing veterans with seamless services as they leave the military and apply for benefits at the Department of Veterans Affairs. The Departments also are working jointly on computerized patient medical records that will allow instant exchange of patient information between the two health care systems by the end of 2005. These joint efforts escalate the pace of coordination, reducing costs while increasing efficiency and healthcare quality for those who have served our nation.
- **Performance Based Data Management Initiative (PBDMI):** At the Department of Education, IT is being used to transform how state student academic performance information is collected and managed. Currently states and school districts are bogged down in complicated and redundant reporting that is not effectively shared among Department of Education programs or education partners. This initiative will result in a streamlined data collection process that reduces burden on State governments and eliminates redundancy across the department.
- **I-MANAGE:** The cornerstone of the Department of Energy's efforts to improve management effectiveness, I-MANAGE will integrate disparate human resources, financial management, procurement, facilities management, budget formulation, financial and cost accounting systems. I-MANAGE replaces a less effective financial management system that was behind schedule. When implemented, I-MANAGE will provide real-time information enabling managers to monitor program performance.

Use of the E-Government Scorecard

We have been tracking each agency's efforts on modernizing their Department's collaborating in the cross-agency e-government initiatives. Each quarter, the e-government score for the President's Management Agenda Scorecard is adjusted for an agency's progress and status. OMB has been working with Department and agency e-government leaders, as well as their CIOs, to provide for success.

Agencies that improved their status score from "red" to "yellow" since the baseline evaluations of September 2001: The Department of Education, the Department of Energy, and the Department of Veterans Affairs. The National Science Foundation upgraded their status from "yellow" to "green" and continues to serve as a model for how small agencies can successfully implement e-government.

Agencies that received "green" for their progress rating in the first quarter of 2003: The Department of Education, the Department of Housing and Urban Development, Department of Interior, Department of Energy, Department of Defense, Department of Justice, Department of Agriculture, Department of Labor, Department of Transportation, Department of Veterans Affairs, the Environmental Protection Agency, National Aeronautics and Space Administration, National Science Foundation, Office of Personnel Management, Social Security Administration, the Small Business Administration and the Smithsonian.

Specific Actions to Address Chronic Problems

Agencies must continue to address these longstanding challenges in order to deliver measurable improvements in the key areas of program performance. Over the past year, the Administration made significant progress in addressing the six chronic problems that were identified in the 2003 Budget as limiting IT effectiveness.

1. Automation of existing outdated processes, instead of fixing underlying management problems or simplifying agency procedures to take advantage of new E-Business and E-Government capabilities.

For years IT Investments in the federal government focused on agency hardware and software needs, without addressing underlying management issues in the overall design and scope of the project. Consequently, government agencies traditionally used IT to automate existing processes rather than create more efficient and effective solutions now possible because of IT. This approach, commonly referred to as paving the cowpath, has been documented as a cause of failure in major IT investments. Systems are often evaluated by the percentage of time they are working rather than the results delivered to the programs and citizen they support.

OMB's guidance for the 2004 IT budget process required that agencies take a comprehensive reform approach in identifying people, processes, and technology required to deliver significantly better results. As a result, 771 projects, representing approximately \$21 billion, are on the "At Risk List" for failing to address people and process transformation needed to ensure

success, or do not adequately address IT security. These projects will be monitored throughout FY 2003; OMB will allow investments on the list to move forward only after agencies present successful business cases.

2. Duplicative IT investments

OMB policy calls for agencies to make maximum use of shared IT solutions and to stop redundant IT purchases. Best practices in private industry identify several opportunities for savings within an IT portfolio of investments. Three consolidation practices in the private sector also are applicable to the federal government:

- Consolidation of IT around the customer.
- Consolidation of IT within a line of business or function.
- Consolidation of IT infrastructure.

To identify potential opportunities in these areas, OMB analyzed the agency IT investment portfolios and provided feedback and suggestions to the agencies. This consolidation analysis not only identified savings for the agencies, but also served to strengthen the governance processes for IT management by identifying and continually pursuing opportunities in this area. For example, use of enterprise licenses for software can generate hundreds of millions of dollars in reduced costs.

Over the past year, OMB:

- Determined that due to redundant infrastructure investments, the federal government was purchasing excess infrastructure capacity, such as telecommunications, office automation, and mainframe computers.
- Identified redundant IT investments made for the same purpose and supporting the same lines of business across multiple agencies.
- Developed portfolios and deployed initial versions of IT investments consolidated around citizen needs. The four portfolios comprise cross-agency E-Government initiatives for citizens, businesses, other levels of government, and the federal government's internal efficiency and effectiveness.
- Rejected agency requests for duplicative IT investments across the federal government, and rather directed agencies to collaborate together to create one-stop points of service.

In key examples of cross agency consolidations, payroll operations will be standardized and consolidated from approximately 22 separate providers to a few federal payroll providers by September 2004. The current systems employ a variety of paper and electronic processing; records are not easily shared between agencies as federal employees change jobs in the federal system; and records are manually retired upon employees' retirement and resignation. Numerous agencies had targeted their payroll operations for costly modernization efforts. Millions of dollars will be saved through shared resources and processes and by modernizing on a cross-agency, government-wide basis rather than agency-by-agency.

The Administration continues work to ensure that IT investments reflect consolidation around citizen groups and along lines of business; reduce duplicative collection of data from

citizens, businesses, and state and local government; purchase enterprise licenses for the federal government where appropriate; and reduce surplus infrastructure capacity.

3. Few IT investments have significantly improved mission performance.

IT investment results have been limited by significant redundancy in federal business operations. As I will discuss later in my testimony, OMB issued guidance requiring that agency IT investments synchronize with the Federal Enterprise Architecture, which is a tool that enables the government to identify opportunities that leverage technology and alleviate redundancy. This effort identified opportunities to simplify processes and unify IT investments across the federal government.

As a result, OMB now can ensure that IT resources are being allocated optimally across common functions that the government performs. Functions that are performed by multiple agencies are now clearly delineated, and the opportunities for cross-agency collaboration to improve performance are readily apparent. OMB is accomplishing this through the Business Reference Model (BRM), which is the foundational layer of the Federal Enterprise Architecture (FEA). Over the past year, OMB used the BRM to:

- Assist agencies in identifying opportunities for collaborative investments, joint infrastructure projects, and greater use of enterprise licensing across the government -- all of which can help agencies to focus on their mission and avoid unnecessary redundant spending.
- Deny funding to redundant investments, while directing agencies to reuse existing IT or join with other agencies making overlapping investments in the appropriate line of business.

4. Few agencies have plans demonstrating and documenting the linkage between IT capabilities and business needs.

The most important element of enterprise architecture is the identification of how IT can be leveraged best to improve agency performance of core missions. Many agency Enterprise Architectures lack focus on business results. As a result, many agencies, bureaus and operating divisions cannot share information or systems; this shortfall increases operating costs as well as burden on citizens and businesses. Additionally, agencies cannot easily analyze IT security risks and determine investment needs; and agencies make redundant investments in IT because programs cannot predict whether IT requirements will be met without buying their own version of a system. These issues can be addressed through better use of enterprise architectures that comprise a “modernization blueprint”.

Although some improvements have been made in recent years, agencies still often base IT investments on business cases that fail to link IT investments to performance improvement. Progress in this area includes:

- Agencies are progressing towards fully implementing their own Enterprise Architecture frameworks, meeting criteria set by OMB that are consistent with effective practices identified by the General Accounting Office; these criteria are used to assess agencies on

their EA performance as part of their E-Government Score. Some agencies, such as Department of Energy and Environmental Protection Agency, are basing IT investments on core modernization initiatives identified using their Enterprise Architecture activities. These agencies use the Enterprise Architecture process as an opportunity to identify performance gaps and ways that technology can be used to help close those gaps and better serve the citizen.

- OMB has begun to coordinate EA efforts, groups, working groups, communities of practices, etc., to ensure that the overall strategy and any guidance for EA is driven by the FEA. In their place will be a structured and well-planned modernization effort guided by the work of the FEA.
- For the 2004 business cases, OMB added specific questions to ensure that agencies began to tie IT investments to the performance goals and measures of the programs they support.

5. Many major IT projects do not meet cost, schedule, and performance goals.

Under the Federal Acquisition Streamlining Act (FASA) and the Clinger Cohen Act, agencies must report and track progress against cost, schedule and performance goals for IT. Under OMB Circular A-11, agencies are expected to achieve on average 90 percent of the cost and schedule goals without reducing the performance capabilities. The greatest problem for the agencies is identifying how a project is performing against planned costs, schedule, and mission improvement goals. Until agencies begin to establish and document baselines, the Administration's ability to assess whether agencies are meeting such goals will be limited.

A comparison of agency investment requests for 2003, versus what is reported as actual costs, provides specific demonstration that too many IT projects have cost and schedule overruns. A sample comparison of projects' identified cost growth ranging from 10 percent to 225 percent! Not surprising, these same projects failed to successfully make the business case for the 2004 budget and have either been rejected or placed on the "At Risk List".

There are several strategies to improve the government's capacity to manage its IT portfolio. In response to the President's Management Agenda, and emerging needs such as homeland security, the federal IT workforce needs to become flexible to meet these new cross-agency needs. To address this issue, over the past year, OMB:

- Required that all major acquisitions implement an Earned Value Management System (EVMS), based on the industry developed ANSI/EIA Standard 748. An EVMS supports program management by effectively integrating the work scope of a program with the schedule and cost elements for optimum program planning and control. The system requires thorough planning, combined with the establishment and disciplined maintenance of a baseline for performance measurement.
- Directed that by the end of 2004 all major acquisition programs should have an EVMS in place that will enable agencies to report accurate information on the achievement of the baseline cost, schedule and performance goals during 2005.

- Indicated that for the 2005 budget submissions, OMB will compare what was reported in the 2004 business cases against what agencies report in 2005 to determine whether or not the investments are meeting cost, schedule and performance goals.
- Directed agencies to have a program management plan and a qualified project manager for projects to be approved for spending in 2004 and thereafter.

6. Major gaps exist in agency and government-wide computer-related security.

The Government Information Security Reform Act (GISRA) requires federal agencies and Inspector General (IGs) to conduct annual IT security reviews of programs and systems and report the results of those reviews to OMB and the Congress. GISRA was recently revised under the E-Government Act of 2002 and renamed the Federal Information Security Management Act.

Under the first year of GISRA reporting in 2001, the Administration was able to establish a baseline of agencies' IT security performance. While some agencies have demonstrated clear progress over the last year, significant challenges remain for other agencies.

To ensure that IT security weaknesses are appropriately addressed, OMB requires agencies to develop, implement, and maintain plans of action and milestones for every program and system where an IT security weakness was found. These plans are tied directly to the budget request for a system. Agency progress in executing their plans is used in determining the quarterly E-Government score for the President's Management Agenda Scorecard. OMB is also reinforcing longstanding policy that agencies address serious IT security weaknesses in their legacy systems prior to proceeding with new IT investments.

For the first time, the federal government's IT security program now has a basic set of IT security performance measures, a comprehensive and uniform process for collecting data against those measures, and a set of tasks and milestones that enable tracking of federal IT security progress. Additionally, agency reports reveal that further progress has been made against the six common government-wide IT security weaknesses identified in last year's budget:

1. Increasing agency senior management attention to IT security. In addition to conditionally approving or disapproving agency IT security programs, OMB used the President's Management Agenda Scorecard to focus on serious IT security weaknesses. Through the scorecard, OMB and senior agency officials monitor agency progress on a quarterly basis.
2. Development of IT security performance measures. For the 2002 reporting instructions OMB developed high-level management performance measures to assist agencies in evaluating their IT security status and the performance of officials charged with implementing specific IT security requirements. These measures are mandatory and help to ensure that accountability follows authority.
3. Improving security education and awareness. Through GoLearn.gov IT security courses were available to all federal agencies in late 2002. Initial courses are targeted to CIOs and program managers, with additional courses to be added for IT security managers, and the general workforce.

4. Increasing integration of security into capital planning and investment control. OMB continues to aggressively address this issue through the budget process, to ensure that adequate security is incorporated directly into and funded over the life cycle of all systems and programs before funding is approved. Through this process agencies can demonstrate explicitly how much they are spending on security and associate that spending with a given level of performance.
5. Working toward ensuring that contractor services are adequately secure. This issue is currently under review by the Federal Acquisition Regulatory Council to develop, for government-wide use a clause to ensure security is addressed as appropriate in contracts.
6. Improving process of detecting, reporting, and sharing information on vulnerabilities. It is critical that agencies and their components report all incidents in a timely manner and it is also essential that agencies actively install corrective patches for known vulnerabilities.

As agencies conduct more reviews, the number of security weaknesses they will find is likely to increase. Based on agency and IG IT security reports, agencies' plans of action and milestones, and IT budget materials, both progress and weaknesses have been identified. OMB set targeted milestones for improvement for some of the critical IT security weaknesses. These targets include:

- More agencies must establish and maintain an agency-wide process for developing and implementing program and system level plans. Plans of action and milestones must serve as an agency's authoritative management tool, to ensure that program and system level IT security weaknesses, once identified, are tracked and corrected. By the end of 2003, all agencies shall have an adequate process in place.
- Many agencies find themselves faced with the same security weaknesses year after year. They lack system level security plans and certifications. Through the budget process, OMB will continue to assist agencies in prioritizing and reallocating funds to address these problems. By the end of 2003, 80 percent of federal IT systems shall be certified and accredited.
- While agencies have made improvements in integrating security into new IT investments, significant problems remain in ensuring security of new and in particular, legacy systems. By the end of 2003, 80 percent of the federal government's 2004 major IT investments shall appropriately integrate security into the lifecycle of the investment.

Federal Enterprise Architecture

The need for a Federal government enterprise architecture was one of the most significant findings to emerge from the e-government strategy efforts. An enterprise architecture (EA) describes how an organization performs its work using people, business processes, data, and technology. EAs provide modernization blueprints to reform agency operations by aligning

business, information, and technology systems to improve efficiency and effectiveness of an organization.

OMB is leading the development of a Federal Enterprise Architecture (FEA) with the support of the CIO Council. The FEA is a business-focused framework that provides the Office of Management and Budget (OMB) and Federal agencies with a mechanism to monitor, analyze, and control Federal investments in information technology (IT). The FEA will govern and guide IT investment decisions within agencies, and facilitate the identification of opportunities to collaborate on, consolidate, and integrate current and planned initiatives. The FEA will facilitate horizontal (cross Federal) and vertical (Federal, State, and Local governments) collaboration and communication. The FEA framework consists of a set of five interrelated reference models:

- **Business Reference Model (BRM):** The BRM describes the Federal Government's operations independent of the agencies that perform them, and serves as the foundation for the FEA. *Version 1.0* of the model was released to agencies in July 2002 supported the FY 2004 budget formulation process. For example, the BRM was used for identifying potentially redundant IT investments in the Federal government's business lines, which will ultimately result in significant cost savings. These savings will be available to move into other, citizen-centered investments to further improve Government performance and service to citizens. *Version 2.0* of the model is undergoing Agency review and comment.
- **Performance Reference Model (PRM):** The PRM is a standardized measurement framework to characterize performance in a common manner. The PRM is designed to provide a clear "line of sight" from inputs to outcomes, and identify improvement opportunities across organizational boundaries. The model will allow OMB and agencies to identify common measurements and set baselines and targets. Proposed IT investments can then be considered based on their projected contribution to the processes and activities key to achieving customer and business results. OMB plans to release the first version of the PRM for agency review and comment soon..
- **Service Component Reference Model (SRM):** The SRM provides the foundation for the re-use of applications, components, functions and business services across Federal agencies, and potentially across Federal, State and Local Governments. The first version of the model was released for agency review and comment in January.
- **Technical Reference Model (TRM):** The TRM outlines the technical elements that support the adoption of service components. Use of the model will encourage and facilitate both system interoperability and the transition to e-government. This will help to reduce the complexity and isolated nature of many Federal systems, encourage the sharing of infrastructures across agencies, and reduce IT costs. The first version of the model was released for agency review and comment in January.
- **Data and Information Reference Model (DRM):** The DRM will provide a consistent framework to characterize and describe the data that supports Federal business lines. This will promote interoperability, as well as the horizontal and vertical sharing of information. OMB is working collaboratively with a small group of interested Federal agencies to define and validate the model, and a draft will be released soon for agency review and comment soon..

Funding IT and E-Government

The President's Budget is clear about our plans to use capital planning to improve performance, achieve outcomes from investments that match agency strategic priorities, and provide real benefits to the public. As major corporations have adapted to the digital economy, business cases, enterprise architectures, and IT capital planning have become recognized as highly effective practices. In constructing the President's 2004 IT Budget, OMB employed a cross agency approach in the Federal IT capital planning process for leveraging existing IT investments and cross agency partnering. This Committee has strongly supported effective IT management practices, and OMB pledges the Administration's full support to employing these practices throughout the government.

Many have expressed specific concerns about the funding required to meet the goals and changes of e-government. The Administration has sufficient funding for cross agency e-government projects if we simply stop funding what is redundant or not working. The FY 2003 Federal IT Budget portfolio totals approximately \$58.2 billion; in FY 2004, we estimate that almost \$59 billion will be spent on IT.

As mentioned above, this year we identified opportunities for cross-agency projects and have worked to leverage investments from a number of partnering agencies for specific projects. For FY 2004, we developed a governance process for line of business consolidation, identified through design of the Federal business architecture. OMB gave priority to agencies that have worked collectively to present and support activities in an integrated fashion and used agency budget submissions to identify cross-agency investments. Agency activities should be aligned with those of other agencies where such cooperation can better serve citizens, businesses, governments, and internal Federal operations.

In some cases, agency cultures and government organizational structures make it difficult to finance and manage cross-agency projects. To help overcome this barrier, the President included in his FY 2004 Budget, a proposal for a \$45 million E-Government Fund for consolidations and innovative interagency e-government projects. The E-Government Act of codifies the E-government Fund, which will allow for the financing of cross-agency initiatives to improve service to the citizen and reduce operating costs. The Fund leverages cross-agency work in e-government that serves citizens and businesses, and could drastically improve citizens' ability to access federal services and federal information online. The Fund provides for collaborative e-government activities, seed monies for new and innovative projects and consolidating redundant information technology investments. The \$5 million appropriated in FY 2002 was invested in tools to integrate agency investments. These tools were new and not redundant with other existing agency expenditures and were integrated into such as GovBenefits, Regulations.gov, E-Authentication and GoLearn. Congress provided \$5 million of the \$45 million requested for the E-Gov fund in FY 2003 and we will continue to leverage these funds to strengthen E-Gov initiatives.

Our intent for FY 2004 is to fund similar integrations and achieve consolidation of redundant IT investments, under a fund that leverages other investments in a way that is not feasible through other funding sources. Indeed, as we are successful in using the e-government fund to integrate redundant systems, we can free up those same agency resources to be spent on more productive ways to achieve the missions that appropriated dollars are intended to serve. Thus it

remains a key priority for the success of the E-Government agenda to fully fund the President's \$45 million request for FY 2004. We look forward to working with this Committee and the Congress in ensuring that this funding is provided.

Implementation of the E-government Act of 2002

The Administration is pleased that Congress passed the E-government Act of 2002. This Act, signed by the President on December 17, 2002, codifies a cross agency, citizen-centered approach to e-government and authorizes new initiatives across the government. The goals of the E-government Act are similar to those of the President's Management Agenda – efficient government operations and effective decision making.

The activities and initiatives of the Act align with several of the initiatives to further e-government, along with authorizing activities proposed in the President's Budget. These provisions include the sections authorizing our work on the government's web portal, FirstGov.gov; the development of a framework to provide for interoperability in using digital signatures for agency programs; authorization for electronic access to agency regulatory dockets; the promotion of open geospatial information standards; strengthening of privacy measures; and access for persons with disabilities.

In implementing the E-government Act, OMB will oversee work to manage cross agency transformation of business processes through e-government in ways that utilize performance measures. OMB will integrate the requirements and provisions of the Act into the President's Management Agenda and the Expanding E-government initiatives. OMB will provide for strong privacy and security measures, as well as setting strategic direction for information policy in general.

Conclusion

The Administration has made major advances in e-government over the last two years. The passage of the E-government Act of 2002 has strengthened the mandate for governmentwide IT reform and e-government. The Act's cross-agency approach to e-government mirrors our intent to improve the delivery of services and access to information for the American people. Mr. Chairman, we look forward to working with you, and your legislative colleagues, to achieve these important goals.