The Partnership Fund for Program Integrity Innovation: Expanding Ways to Provide Cost-Effective Services

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Participants in March 3, 2011 Roundtable

Ken Apfel, Professor, Maryland School of Public Policy, The University of Maryland; former Commissioner, Social Security Administration

Kate Coler, Minority Senior Policy Director, Senate Committee on Agriculture, Nutrition, and Forestry

Kevin Concannon, Under Secretary for Food, Nutrition and Consumer Services, Department of Agriculture

Martha Coven, Special Assistant to the President for Mobility and Opportunity, White House Domestic Policy Council

Steve Fletcher, CIO, State of Utah and Executive Director, Utah Department of Technology Services

Linda Gibbs, Deputy Mayor, New York City

Jim Geringer, Former Governor, Wyoming; now Director of Policy, Esri (Environmental Systems Research Institute)

Gary Glickman, Coordinator, Partnership Fund for Program Integrity Innovation, Office of Management and Budget

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Mark Greenberg, Deputy Assistant Secretary for Policy, Administration for Children and Families, Department of Health and Human Services

Diedra Henry-Spires, Professional Staff, Senate Finance Committee

Jim Hodges, former Governor, South Carolina; now Senior Advisor, McGuire Woods Consulting

David Mader, Senior Vice President, Booz Allen Hamilton, former Assistant Deputy Commissioner, Internal Revenue Service

Kris Marcy, CEO, National Academy of Public Administration

Chris Mihm, Managing Director for Strategic Issues, Government Accountability Office

Gregg Pane, Virginia Medicaid Director, Virginia Department of Medical Assistance Services

Carolyn Purcell, Director, Internet Business Solutions Group, Cisco Systems; former Chief Information Officer, State of Texas

Estelle Richman, COO, Department of Housing and Urban Development

Robert Shea, Principal, Grant Thornton; former Associate Director for Management, Office of Management and Budget

Kathryn Stack, Deputy Associate Director for Education and Human Resources, Office of Management and Budget

Kathleen Turco, Associate Administrator, Office of Governmentwide Policy, General Services Administration

Tracy Wareing, Executive Director, American Public Human Services Association

Danny Werfel, Controller, Office of Federal Financial Management, Office of Management and Budget

All levels of government are under fiscal stress trying to meet greater demand for public assistance. This environment increases the magnitude of risk from improper payments and other wasteful practices. To maximize resources and impact, federal, state, and local governments must work together on collaborative approaches to getting the right benefits to the right people at the right time. In 2010, Congress and the President enacted the Partnership Fund for Program Integrity Innovation (Partnership Fund) to develop and assess pilot projects that meet this goal; the U.S. Office of Management and Budget (OMB) administers the Partnership Fund's $32.5 million appropriation authorized through FY 2012.

Supported by specific appropriations language, OMB constructed a new and innovative collaborative process to identify, vet, and propose pilot projects. At the heart of the process is the Collaborative Forum, an organization outside government control that includes state and local government representatives, industry, associations that represent state and other interests, and the advocate community. With over 200 members, the Collaborative Forum works diligently to explore best practices and new ideas for how to improve integrity, efficiency, and service delivery across a wide range of programs.

Program integrity is not the only focus of the Obama Administration's efforts in this area. On February 28, 2011, President Obama issued a Presidential Memorandum to encourage agencies to work with state, local, and tribal governments, to look for ways that administrative requirements could be reduced to save money and deliver better results (see http://tinyurl.com/3qcvxm4). OMB issued implementing guidance for this Presidential issuance in Memorandum M-11-21 on April 29, 2011 (see http://tinyurl.com/6e27tmp). Taken together, these policies demonstrate a significant commitment by the Administration to work across all levels of government using a strong collaborative approach as demonstrated by the Partnership Fund.

From these efforts, innovative ideas from key stakeholders have emerged that have the potential to improve services, increase efficiency, and reduce cost, especially in program areas that cross agency or intergovernmental boundaries. To that end, the National Academy of Public Administration, the Partnership for Public Service and the IBM Center for The Business of Government worked with OMB to convene a Roundtable of leading federal, state, local and academic, and private sector experts for a discussion of concrete steps that can be taken to improve human service delivery and identify even more strategies for successful innovation. The Roundtable identified key areas where the Partnership Fund can look to develop new ideas for pilots. Moreover, the discussion pointed to longer term opportunities for expanding the goals of the Fund and Presidential Memorandum, including:

- **Enable cross-jurisdiction innovation.** In the past, agencies and programs have focused resources on meeting legislative, regulatory, and administrative requirements and have had little incentive to work across agency and program boundaries to achieve common goals. These often prescriptive requirements result in the establishment of duplicative infrastructure and program practices, wasting scarce resources and imposing unnecessary burdens on program administrators and recipients. Law and policy could explicitly encourage or require players across government to collaborate on innovative, less burdensome ways to achieve common goals. The recently enacted GPRA Modernization Act offers one

such opportunity, as it has numerous explicit requirements to set government-wide goals, identify the multiple agencies that share the goal, and spur cross-agency collaboration.

- **Extend the Partnership Fund's reach through stronger links to non-profits.** Roundtable participants identified gaps in the capacity of the Partnership Fund, including the ability to engage senior government leaders in establishing truly transformative cross-jurisdiction innovations. Building relationships with non-profit organizations that have strong ties to federal, state, and local actors can provide additional avenues through which to bring together diverse experts and leaders to undertake assessments and provide technical assistance.

- **Expand the Partnership Fund model to other types of federal programs.** Consistent with the Presidential Memo and OMB Guidance, the Partnership Fund's collaborative model could be used in areas like workforce development, homeless services, or sustainable communities to incentivize joint pilot programs or identify barriers that could be eliminated to increase efficiency. Options for how the model could be institutionalized should be explored.

Perhaps more important, the Roundtable brought together a network of experts for the Administration and Congress to engage in a continuing dialogue about how to innovate across programs to serve citizens with better outcomes at reduced cost and burden. These experts, with collective government experience across ideological and partisan divides, strongly endorsed the purpose and direction of the Partnership Fund, urged greater attention to move more rapidly, noting that "the perfect is the enemy of the good." They have continued to provide important and ongoing perspectives that have opened the doors for further enhancements; this network of experts itself serves as an additional model to adapt in other settings where cross-boundary collaboration is imperative.

Specific strategies that the Roundtable pointed to in furtherance of the Fund's objectives focused on:

- Designing pilot projects and building support for innovation
- Using incentives and technology to mitigate silos
- Building capacity to support innovation

Each strategy is discussed on the following pages.

The Partnership Fund for Program Integrity Innovation

The Partnership Fund for Program Integrity Innovation was enacted by Congress and the President to spur innovative approaches to strengthening program integrity, reducing improper payments, and improving in other program administration areas. OMB has implemented the Partnership Fund for Program Integrity Innovation through an inclusive and systematic approach to identifying, developing, reviewing, and selecting pilot projects for funding. OMB sought to build public awareness of and participation in the Partnership Fund through various mechanisms, such as a program website (http://www.partner4solutions.gov), webinars, and direct outreach to state and local stakeholders. The program website describes the process for developing and funding projects. It allows the public to submit ideas directly.

The centerpiece of the process OMB designed to administer the Partnership Fund for Program Integrity Innovation is the Collaborative Forum, an independent entity led by the states that includes participants from all 50 states, more than 10 federal agencies, and over 65 other stakeholders including advocates, local agencies, foundations, and state associations, such as NGA, NASCIO, NASACT, and APHSA. Forum working groups develop and review pilot project concepts. Pilot projects recommended by the Forum are further refined by a federal agency steering committee before ultimately being proposed to OMB for funding. OMB selects pilot projects and transfers funding to lead federal agencies to implement and evaluate them. Successful pilots can serve as best-practice models. Also, evaluation results may also be used to inform future changes to the affected programs, including broader implementation of the innovations tested.

High-Level Vision of Partnership Fund Impact on Delivery of Citizen Services

Roundtable participants agreed on three basic elements of a vision that could inform the Fund and related future activities:

- **Outcomes-focused programs:** Responsible officials at all levels of Government should have more operational freedom to work across programs in defining and achieving outcomes demonstrated through strong evidence and data. This is consistent with the GPRA Modernization Act's focus on outcomes. Aligning different stakeholders around common metrics serves as a powerful incentive to collaborate for shared results.

- **Client-enabled service delivery:** Clients should be provided with tools and information to increase their control over how they access services and measure performance. Clients should also be able to permit, at their option, shared use of personal information (e.g., social security number and income information) to deliver service successfully, in a manner consistent with privacy law and policy.

- **Shared data and services across programs:** Policies and business systems should provide for a more flexible but secure regime for sharing data and services across jurisdictions, thereby enabling greater efficiency and effectiveness in achieving outcomes and meeting client needs.

The Partnership Fund systematically assesses potential pilot projects against a range of criteria, including return on investment, ability to implement and demonstrate results quickly, improved payment accuracy, administrative efficiency, and service delivery, and reduced access barriers for eligible beneficiaries. Summary descriptions of pilot projects submitted, under development, specific innovations being tested, and assessment criteria are available on the Collaborative Forum's website at http://collaborativeforumonline.com. Anyone may register for free to become a member of the Forum and gain access to the site.

Expert Roundtable Provides Strategic Guidance

On March 3, 2011, the National Academy of Public Administration, the Partnership for Public Service and the IBM Center for The Business of Government convened a Roundtable of experts for a high-level discussion of goals for improving human service delivery and strategies for successful innovation. Roundtable participants included leaders from state and local government, universities and non-profits, industry, and federal agencies. A list of Roundtable participants is presented on page 1.

The Roundtable was intended to provide a strategic complement to the work of the Collaborative Forum, which is more tactically focused on solicitation, review, approval, and implementation of specific proposals. Also, it provided the basis for engaging participants and their broader communities in an ongoing conversation about opportunities for innovation.

Roundtable participants were asked to discuss:

- A high-level vision of what the future of human service delivery should look like

- Barriers to innovation needed to achieve this future state

- Strategies for overcoming these barriers

The major themes and ideas from this discussion are summarized in this report.

Strategy One: Designing Pilot Projects and Building Support for Innovation

Engage high-level leadership. The importance of high-level leadership to successful innovation was emphasized repeatedly. Innovation is not just a technical exercise, but requires effective communication and political support to sustain a vision of success, move away from risk-averse and compliance-oriented organizational cultures, broker agreement across jurisdictions, and marshal needed resources over time.

Identify "quick wins." The Partnership Fund should move forward with pilots as soon as possible in order to demonstrate progress, engage the interest of leadership and build support, and start gathering experience and evidence to enable more ambitious future efforts. While the Partnership Fund has rightly favored pilot projects that require limited changes in law and policy to enable rapid implementation and evaluation, its pilots should also feature innovations that promise significant returns in the near term. Short-term returns in innovation are critical to cementing leadership support.

Develop pilots with large potential impact and high visibility. In addition to feasibility and the promise of short-term returns, pilots should focus on large benefit programs and cross-cutting functional challenges (e.g., data sharing) that offer high potential impact to heighten visibility and sense of importance, thereby increasing leadership interest and broadening the base of support. An example is provided by a Partnership Fund pilot project that will assess state data for validating eligibility for the Earned Income Tax Credit. This project is centered on the potential for data sharing to enable large-scale savings by reducing a 25-percent payment error rate that amounts to $12 billion in improper payments annually.

Identify opportunities to waive requirements systematically. State, local and tribal governments should avoid seeking waivers for individual program requirements. Instead, stakeholders should seek opportunities to waive requirements in a systematic way based on a strategy to enable cross-jurisdiction approaches to achieving mission outcomes. The Oregon Option was an early attempt to take such a systematic approach. The Presidential Memorandum and OMB's Guidance on Administrative Flexibility offer opportunities for the systematic waiver of administrative and regulatory requirements. For example, programs may conduct a risk-based assessment of program requirements to distinguish those whose elimination would pose little risk to program integrity or other outcome achievement from those more critical to program success.

Adapt and re-use existing innovations. The Partnership Fund should expand its focus to include the adaptation of existing innovations for potential application to different places and program areas. Doing so broadens the reach of innovation, increases efficiency, and leverages the relatively certain benefits of established practices. One potential candidate for adaptation and re-use is HHS Connect.

Background on Oregon Option

For several years, Oregon experimented with results-driven government based on "benchmarks," standards that all levels of government can share in achieving, such as higher reading levels for children. In 1994, Oregon proposed to use these community-developed benchmarks to turn the federal-state relationship upside down. The federal government said yes. On December 5, 1994, Vice President Gore signed a memorandum of understanding with the Governor and other officials to carry out the "Oregon Option." Under the agreement—the first of its kind—federal, state, and local officials are working together to test service delivery based on the results that Oregon plans to achieve. The agreement stressed outcomes, not processes, and put faith in state and localities' decisions ahead of rigid regulations that dictate how federal monies can be spent. The Oregon Option led to greater interagency cooperation and a series of federal waivers and flexibilities that the state used to leapfrog over bureaucratic barriers. Federal partners were the Departments of Housing and Urban Development, Health and Human Services, Agriculture, Labor, Commerce, Education, Justice, and Interior and the Office of Management and Budget.

New York's HHS Connect

The City of New York provides a wide range of health and human services to a diverse and complex client population. Many New Yorkers qualify for and participate in multiple programs provided by different agencies. Currently, city agencies are limited in their ability to share data due to siloed technology systems. Clients experience these silos in many ways: redundant forms, the required submission of duplicate paperwork, and having to stand in multiple lines in multiple offices. Clients have difficulty accessing critical work supports, while city agencies lack access to crucial client information that would allow for better service delivery.

Health and Human Services Connect (HHS-Connect) utilizes groundbreaking and innovative technologies to improve the city's ability to serve its Health and Human Service clients while providing better customer service and online access. In the future, New Yorkers will only have to provide their information to the city once and subsequently it will be accessed and re-used by agencies. Additional information will be collected on an as-needed basis, and will be included in a virtual integrated case file, which clients will be able access and update through an on-line portal. This will not only improve the lives of New Yorkers, it will also reduce the burden on caseworkers, enabling them to spend more time with clients and less time pushing paperwork and entering data into various state and city systems.

Strategy Two: Using Incentives and Technology to Break Down Silos

Improve incentives for states. Given the right incentives, state and local actors could be a powerful force for identifying and implementing more efficient and effective ways of administering federal programs with or without major legal and policy changes. In so doing, the case for legal and policy changes would be sharpened as near-term progress is made. Currently, for example, states may not be able to keep savings derived from improvements in the administration of federal programs. Policies should be changed to enable states to keep savings derived from improvements in the administration of federal programs.

Support the development of flexible IT systems based on common standards. Many agency business processes run on outdated, proprietary IT systems built around narrow programmatic requirements. These systems greatly constrain business process improvements and data sharing, and further isolate programmatic silos. Significant progress can be made on the margins through federal government support for the development of IT systems based on common standards and on the development of shared system solutions across states. In addition, there are opportunities to mitigate or bridge program silos through more targeted investments in IT-based solutions that build on the federal cloud-based initiatives. For instance, some states have implemented on-line integrated service portals that enable clients to access information and services from multiple programs at once, and in some cases apply for benefits as well. These portals, which bridge multiple, disparate legacy systems, facilitate client access and improve administrative efficiency.

Standardize data definitions. Programmatic silos both generate and are reinforced by incompatible data definitions, which limit efforts to leverage data available across programs. Significant progress toward data sharing and simplification could be made through targeted efforts to harmonize data definitions used for eligibility verification and reporting across programs. The Partnership Fund should build on existing data standardization efforts, for example by leveraging provisions in the President's "flexibility" memo to drive targeted data standardization efforts in support of innovations allowing coordination across programs. Another good example is the Treasury Department's Office of Financial Innovation and Transformation, whose mission is to reduce the federal government's financial management footprint by simplifying and unifying government-wide financial management transactions and data elements.

Strategy Three: Building Capacity to Support Innovation

Develop appropriate standards of evidence. The Partnership Fund should work with OMB, CBO, and GAO to develop appropriate evidentiary standards that do not unduly limit experimentation. OMB's "tiers of evidence"[*] framework provides a basis for this conversation, and can help justify dynamic budget scoring that could credit one program with savings in another program and thus offer a powerful incentive for cross-program innovation. This would build on the use of the "tiers of evidence" framework in areas of innovation such as the nurse home visitation programs, which help and support vulnerable parents, and programs to reduce teen pregnancy.

Enhance analytics. Innovation in human services delivery suffers from a lack of data and analytical tools (e.g., baseline data, effective measures of cost-effectiveness and cost avoidance). Roundtable participants identified three areas in which analytic capacity is lacking:

- The validation of existing innovations

- The assessment of potential "prevention-oriented" innovation

- The evaluation of a social impact model to determine the effective range of application to federal assistance programs

Improve capacity for coordination. Effective support for innovation in human services delivery requires an institution or institutions that can effectively engage and coordinate the efforts of diverse federal, state, and local programmatic and functional actors to identify, develop, validate, and support the implementation of innovative approaches to human services delivery. The Partnership Fund provides a model for this collaboration, but does not have the scope to support needed efforts. There should be an institutional mechanism at the national level capable of systematically supporting innovation over time.

Engage authorizing and appropriations committees. The long term success of many of the innovations contemplated by the Partnership Fund and envisioned in the President's memorandum will require the support of multiple committees that have overlapping jurisdiction. Garnering support across these committees will be critical to enable the "bundling" of funding sources and requirements to concentrate efforts on achieving common goals.

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[*]   For additional background on "tiers of evidence," see article by Ron Haskins and Jon Baron (http://www.brookings.edu/articles/2011/04_obama_social_policy_haskins.aspx)

Roundtable participants acknowledged the vital role being played by the OMB Partnership Fund and Collaborative Forum in developing an inclusive, systematic process for identifying, developing, and supporting program innovation opportunities. For instance, the Collaborative Forum includes over 200 participants from all 50 states and is working to engage stakeholders across programs and levels of government through associations and consortia.

Roundtable participants expressed hope that the Fund model could expand to collaborate with federal, state, and local stakeholders at the level necessary to develop truly transformative innovation initiatives— especially given the Fund's limited ability to provide support over the longer term given its time-limited nature. The Partnership Fund can be a catalyst to engage leadership in state legislatures and Congress, who have the perspective and authority to validate and build support for transformative innovations that span jurisdictions and involve significant legal and policy changes.

Jon Tucker is a Senior Research Analyst at the Academy with over seven years of experience working on projects with a range of federal agencies, including: advising NOAA on the design of a Climate Service; assessing HUD's IT resources management; reviewing the organization and management of the Coast Guard's headquarters intelligence component; assessing R&D investment decision-making processes at DHS' Science and Technology Directorate; helping NOAA prepare for an OMB assessment of habitat-related programs; assisting NIH staff teams with a management assessment of the National Institute for Environmental Health Sciences; advising the Army Corps of Engineers' Civil Works Division on the prioritization of water resources investments; and advising the FBI on restructuring options and improving its budgeting and planning processes.

Prior to joining the Academy, Mr. Tucker served in analyst positions with a range of organizations focused on federal and state policies and programs supporting science, technology, innovation, and economic development. These include the Technology Partnership Practice, Battelle Memorial Institute; the Committee on Science, Engineering and Public Policy, National Academies; Advanced Technology Program, National Institute of Standards and Technology; and the Office of Policy and Research, New York State Department of Economic Development (now part of Empire State Development). His research interests include public organization and management, policy analysis and program evaluation, with a strong subject area expertise in innovation studies.

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