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Testimony

of

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Mr. Chairman and members of the Committee, I appreciate the opportunity to testify today. I am a Fellow of the National Academy of Public Administration (the Academy) and have served as its President and Chief Executive Officer since January 2017. Established in 1967 and chartered by Congress in 1984, the Academy is an independent, non-profit, and non-partisan organization dedicated to helping government leaders address today's most critical and complex challenges. The Academy has a strong organizational assessment capacity; a thorough grasp of cutting-edge needs and solutions across federal, state, and local governments; and unmatched independence, credibility, and expertise. Our organization consists of over 900 Fellows—including former cabinet officers, Members of Congress, governors, mayors, and state legislators, as well as distinguished scholars, business executives, and public administrators. The Academy has a proven record of improving the quality, performance, and accountability of government at all levels, and expertise in the intergovernmental system is one of its most enduring characteristics.

I am pleased to offer the Academy's perspective on the future of federalism in America. Our Congressional charter precludes the organization itself from taking an official position on legislation, and so my testimony today will reflect the Academy's history on this topic, its expectations for the future, and our general recommendations.

THE NATION'S LONG-TERM GOVERNANCE AND FISCAL CHALLENGES

As we all know, the federal government faces long-term fiscal challenges. Our revenues and expenditures are fundamentally out of balance both now and for the foreseeable future. In 2008, the National Academy of Public Administration and the National Academy of Sciences established the Commission on the Fiscal Future of the United States. This Commission's 2010 report, *Choosing the Nation's Fiscal Future*, presented a number of feasible ways to address the long-term imbalance. Now, almost a decade after that report and despite nearly a decade of consistent economic growth, this imbalance is even greater and its resolution more urgent. We have a window of opportunity to begin to stabilize matters before structural fiscal stresses increase even more in the 2020s, when the baby boomers begin to draw more heavily on Social Security and Medicare. Further, the state and local sectors will be challenged in the future as a globalized, technological economy is gradually eroding traditional tax bases and the fiscal foundations of state and local finance. Given the nation's long-term financial challenges, government at every level must improve service delivery while reducing costs.

Governing in the 21st century has become increasingly complex as the nationalization and globalization of the economy have also worked to undermine traditional state and local regulatory roles. This complexity has been compounded by the challenges of not only delivering on current government programs, but also managing the new responsibilities that the federal government has assumed for health care and financial regulation.

Against this background, it is important to remember that our intergovernmental system retains considerable capacity for adaptation and flexibility. In fact, it may be our greatest strength as we face challenges today that exceed the ability of any single level of government or any single government agency, but we must pay attention to it and deliberately engage it to reap the benefits.

The Academy has historically fostered collaboration across all levels of government to deliver better outcomes for the nation. In 2013 and in 2016, the Academy published a set of collected *Memos to National Leaders* that laid out our ideas of the most important long-term challenges facing leaders across our governing institutions. In both collections, the challenges facing our intergovernmental system featured prominently. In the 2013 collection, Memo #1 dealt with “America’s Invisible Governmental Crisis: Intergovernmental Relations in a Time of Transition and Uncertainty.” This memo articulated the impact of budget shortfalls, manifested as greater federal demands for service delivery at the state and local levels, on the federal system’s capacity for sound decision making on crucial policy and management issues related to budget, economic and social issues. Despite offering five specific reforms to strengthen the federal system, the authors of this memo were not optimistic that the necessary comprehensive reforms could be implemented because the loss of institutions like the Advisory Commission on Intergovernmental Relations (ACIR), the Office of Management and Budget’s Division of Federal Assistance, and the House and Senate Subcommittees on Intergovernmental Relations limited the venues where essential intergovernmental deliberations were possible.

The 2013 collection included five memos dedicated to the topic of “Managing Across Boundaries to Achieve National Goals.” Of those, Memo #13 specifically addressed strengthening partnerships with state and local governments. The author recommended a new paradigm of intergovernmental relations that substitutes collaboration and cooperation for command and control. Recognizing state and local governments as partners in dealing with the daunting challenges of affordable health care, quality education, climate change, income inequality, homeland security, civil rights, and deteriorating infrastructure is necessary, but only possible if we create the culture, tools, and resources that will enable the three levels of government to work collaboratively to address these issues and opportunities in a more comprehensive and coordinated fashion.

As we look to the future of intergovernmental cooperation, it is useful to examine lessons from the Academy’s experience over the last decade on the power of stakeholder collaboration.

THE POWER OF STAKEHOLDER COLLABORATION

In October 2011, the Academy became the administrator of the Office of Management and Budget (OMB)’s Collaborative Forum, which consisted of stakeholders nationwide who worked to develop pilot projects that tested innovations in how states administer federally funded programs. These innovations were intended to support one or more of the goals of OMB’s Partnership Fund for Program Integrity Innovation: (1) improve payment accuracy, (2) improve service delivery, (3) improve administrative efficiency, and (4) reduce barriers to program access.

Solving these complex problems requires the collaborative effort of all parties potentially affected. Learning from the work done by the Collaborative Forum—both a virtual and in-person mechanism for collective problem solving—we have witnessed the value of bringing all invested stakeholders to the table. As the program administrator for the Collaborative Forum, the Academy team facilitated engagements to share best practices and lessons learned. Ideas were generated to address issues of program integrity and to explore innovation. While work

groups facilitated the development of pilot projects to test innovative approaches to improving performance, the group of over 750 members also addressed issues of measuring impact, maximizing resources, and identifying outcome-based solutions to program integrity.

Nine funded pilots resulted from the collaboration of federal, state, local, academic, non-profit, private sector, and association organizations. These pilots addressed issues ranging from juvenile justice reform to state-driven improvements to the Temporary Aid for Needy Families (TANF) program to the use of state data to validate Earned Income Tax Credit (EITC) eligibility.

These collaborative efforts worked to develop replicable solutions that possessed both specificity of objective and broad utility to be applied across programs and levels of government to reduce duplicative activities and support a common objective of reducing waste, fraud, and abuse. Additionally, the collaborative process illustrated the inherent value of fostering innovation and intergovernmental cooperation in order to achieve common goals of improved service delivery and responsible stewardship of the taxpayers' dollars – often identifying actions requiring administrative flexibility and coordination as opposed to simply requiring financial support. Stakeholders within the Collaborative Forum tackled the challenge of doing more with less with an arsenal of perspective and experience.

Another example of stakeholder participation in solution development was the *National Dialogue on Innovative Tools to Prevent and Detect Fraud, Waste, and Abuse* (the Dialogue). The Dialogue was part of the Recovery Board's continuing commitment to identifying and using state-of-the-art tools to enhance accountability, and improve oversight of Recovery Act funding. The Dialogue reached out to technologists, thought leaders, and other interested parties and sought to engage them in a discussion about the most promising advances in the fight against fraud, waste, and mismanagement. The Academy hosted the week-long public Dialogue, where participants used the opportunity to share their expertise and knowledge to submit ideas that were then supplemented by additional interviews, and research to ultimately identify recommendations warranting further exploration by the Recovery Board and for potential government-wide follow-up. The recommendations focused on technology innovation that would allow for enhanced accountability, and improved oversight of Recovery Act funding – a critical component being the management of data.

Looking forward, much has changed from the mid-1990s when the ACIR stood down. State and local governments have even more responsibility for the implementation of federal domestic programs, both directly and through non-profit organizations and private firms. New laws often make the intergovernmental system more complex, adding confusion, conflict, and unanticipated consequences. The ballooning costs of health care, especially Medicaid, are squeezing state budgets. Unprecedented partisan polarization challenges our ability to focus on major policy problems vital for effective governance. Yet even, or especially, in this environment, the need for a bipartisan intergovernmental forum that fosters collaboration across levels of government remains essential.

The Trump Administration's 2018 Presidential Management Agenda (PMA) establishes 14 Cross-Agency Priority (CAP) Goals. While these focus on improving performance at the federal level, success in many of them will require collaboration and integration with state, local, and

tribal governments and will offer prime opportunities to expand intergovernmental partnerships. Two of these CAP goals can serve as representative examples.

CAP GOAL 2: LEVERAGING DATA AS A STRATEGIC ASSET

The Case of Emergency and Disaster Management

The PMA identifies Data Accountability and Transparency as one of three key drivers of transformation, asserting that “the Federal Government lacks a robust, integrated approach to using data to deliver on mission, serve customers, and steward resources.” Growing recognition of the need for evidence-based research to detect problems, inform priorities, and identify effective practices and the unprecedented ability to collect, analyze, visualize, and share vast amounts of data cry out for a bipartisan entity to help federal, state, local, and tribal governments tap these new tools for better results and to improve intergovernmental relationships.

Emergency and disaster management policy is just one area in which tremendous amounts of data are already collected and analyzed and from which voluminous research is produced. This public policy area, however, suffers like many others—so much information is being produced that it is virtually impossible for governments, public officials, managers and workers to glean principles of practice applicable to their own context and circumstances. Simply put, the massive amount of data and research produced is impossible to filter down to practical strategies for solving problems of any one government, agency, or public function. In addition, the modern race to provide evidence-based research to support public efforts has fostered a system whereby individual governments engage select research to provide a basis for some determined action or strategy. The collective result of such behavior is wasted money, time, and effort. What is needed is an institution that can function as a filter through which data and research flow, with the end result being relevant, actionable strategies that all governments can use to prepare for and manage effectively through future disasters.

A wealth of data and analyses already exists regarding emergency and disaster management that could be synthesized by such an institution to provide value to government officials, managers and workers, researchers, and the public at large. Multiple organizations consult and conduct research about disaster management, relief and recovery internationally, and within the United States, similar public, private, and nonprofit entities are ubiquitous. Government agencies such as the Federal Emergency Management Agency (FEMA) and the National Oceanic and Atmospheric Administration (NOAA), and emergency management agencies at the state and local levels provide reams of data, analyses, research and educational trainings regarding preparing for and managing through disasters of all sorts. There are many foundations and think tanks that conduct research about disaster management, recovery and relief in the United States, as well. Further, a wide range of academic research centers, institutes, and data repositories, located in U.S. universities and colleges, exist that provide such resources.

Currently, no entity integrates this trove of data and research. Creation of such an institution would take modern data analytics to a new level—embracing the current body of knowledge and acknowledging different levels of government as well as nongovernmental entities for the purpose of solving public problems more efficiently, effectively, and consistently. The role of this institution would not be to develop additional primary data, but rather to scan the

environment of data already collected, along with extant research, and assess this collection for convergence on the state of practice to inform and advance intergovernmental relationships and effective management strategies. This could lead to more proactive and cost-effective approaches to community resiliency.

Much research examines specific disasters in particular contexts at one point in time, but culling through all of this work could provide overarching principles of practice useful for advancing public results. For example, an examination of all this work would likely find that governments or agencies that have prepared via risk assessment, considered infrastructure assets, and conducted a financial accounting of capital prior to a disaster are best able to quickly address financial remediation, working with federal and state governments. Assessing infrastructure risks and fiscal vulnerability before a disaster is key to moving quickly to securing funding after disaster. This institution could further consider how federal agencies might incentivize subnational governments to engage in such practices, in order to streamline intergovernmental funding systems to generate consistent needed results. This type of analysis and information is vital for effective intergovernmental relationships, applies to many urgent topics and issues, and is extremely difficult to find now.

CAP GOAL 8: RESULTS-ORIENTED ACCOUNTABILITY FOR GRANTS **How to Improve Outcomes and Cost-effectiveness of Programs Serving Low-Income Individuals and Communities**

The focus of CAP Goal 8 is on standardizing grant reporting data and improving data collection in ways that will increase efficiency, promote evaluation, reduce reporting burden, and benefit the American taxpayer; measuring progress and sharing lessons learned and best practices to inform future efforts; and supporting innovation to achieve results. The federal government spends over \$600 billion annually on programs administered by state and local governments and their non-profit partners to improve the lives of low-income populations and their communities. Most of this funding is distributed by five cabinet agencies (Health and Human Services, Labor, Education, Agriculture, and Housing and Urban Development) and several independent agencies through over 100 separate programs with unique statutes and regulations.

The fragmented and complex nature of federal and state funding and administrative requirements makes it extremely difficult for states, localities, and service delivery partners to coordinate services, increase efficiency, and improve outcomes for low-income individuals, families, and communities. Adding to this complexity, OMB predicts that federal aid to state, local, and tribal governments will drop by 16.1 percent in real dollars from FY 2019 to FY 2024. This will further squeeze budgets at a time when rising federal debt, among other things, may constrain the federal government's ability to relieve that budget pressure. Some state and local governments have had sufficient resources to develop innovative strategies such as human-centered design, outcome-based procurement, integrated data systems and analytics, and partnerships with academic institutions to coordinate programs and improve outcomes. Unfortunately, most jurisdictions find it extremely difficult to pursue these innovations while also satisfying the burdensome compliance requirements of separate federal programs.

No Congressional committee or any federal agency is accountable for helping states and localities strengthen their capacity to coordinate low-income programs involving multiple agencies and to deliver services more effectively and efficiently. It is no one's job at the federal level to:

- Understand the array of challenges that states and localities face as a result of uncoordinated federal policies and administrative processes;
- Help states and localities navigate confusing, conflicting, and/or outdated rules and reporting requirements created by different programs and agencies;
- Learn from innovative state and local governments and non-profit service providers about strategies that could inform improved federal policies; or
- Collaborate with state and local governments to devise coordinated federal executive actions or non-controversial statutory changes to help states and localities shift their focus from compliance to outcomes.

There is a tremendous need for an institution to collaborate with major governmental associations (e.g., the National Governors' Association, the National Association of Counties, and the American Public Human Services Association) to identify promising opportunities for collective problem-solving and draw on experienced federal, state, local, and tribal practitioners, academics, and other experts to develop consensus on high-impact solutions. Through expert roundtables, white papers, and engagement with policymakers, this institution could help federal, state, local, and tribal governments co-create feasible action plans. These could be implemented in collaboration with OMB and the White House, potentially using the National Academy of Public Administration as a neutral convener and facilitator to augment the institution's activities. By involving key executive and legislative branch decision-makers in the planning and execution of these efforts, this institution could help to ensure that its recommendations could be implemented by relevant agencies and that gaps requiring legislative solutions would be identified for Congress.

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Leveraging data and improving the outcomes of federal grants are simply two illustrations of the desperate need today to improve collaboration between all levels of our government. What they demonstrate is that the tensions inherent in our intergovernmental system flow from the paradoxical and often conflicting expectations we have for our system: we want to promote both accountability for national goals and flexibility for local differences, to maximize outcomes while minimizing costs, and to capitalize on the resources and authority of other governments and private actors without losing control and autonomy.

Faced with real constraints on the size of the federal government, we must continue to rely on state, local, and tribal governments and their partners to deliver federal programs. As complex and frustrating as the federal system can be, it is needed to help address many of the "wicked" problems we face today—problems with contestable definitions and dimensions and no fixed boundaries. What we lack, given the growing importance of these intergovernmental partnerships, is a standing forum in which leaders at all levels of government have access to

information about effective practices in intergovernmental management across many different policy arenas that informs action and fosters mutual accountability for outcomes.

Federalism can be strengthened by an institution responsible for facilitating a new partnership among our federal, state, local, and tribal governments that advances innovative solutions to modern policy problems and supports seamless implementation networks among these governments and nongovernmental entities. Given the nation's long-term fiscal challenges, the federal government must work to improve its effectiveness and efficiency to successfully meet the current and future demands of the American public. I believe that the approaches outlined above can help ensure that our national system of government works better for all of us. The National Academy of Public Administration stands ready to assist in these efforts.

Mr. Chairman, that concludes my written statement, and I would be pleased to answer any questions you or the Committee members may have.