

## **E-Government and Performance: A Citizen-centered Imperative**

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April 2002

At a Spring 2002 Council of Excellence in Government orientation session for senior government leaders, respondents were asked to think about a world where E-Government was an accepted fact. They were asked to

*“Imagine a time in the future when the American government reflects the very best in innovation, leadership and results. Issues of access, including closing the digital divide and making content accessible for those with disabilities and limited literacy, have been overcome so that all government stakeholders are able to communicate and receive information and services online at any time—without loss of privacy or security. Additionally, despite strategic investments in infrastructure, all areas of government are reporting substantial real-dollar savings and these savings are being transferred to taxpayers in the form of expanded programs and tax-savings. Finally, a new government culture exists that values cross-government and cross-sector partnerships and allows government to be not only proactive, but also capable of responding quickly and effectively to shifting priorities and new challenges.”*

### **Citizen Expectations**

The above paragraph describes a time when government and business interact online, services are delivered 24/7 *at all levels* of government, with rapid response to shifting priorities. A panacea? Perhaps. But citizens have become accustomed to the private sector delivering high standards of customer service on the Internet and expect government to do likewise. The public sector is expected not only to spend taxpayers' money cost effectively, prudently, with fairness and equity (“Do the thing right”), but it is also supposed to achieve what the public wants (“Do the right thing”).

Accountability for finances and accountability for fairness reflect *how* government works. As citizens and taxpayers, however, we also care *what* government does—what it actually accomplishes. This third kind of accountability is called accountability for performance, where we establish our expectations for the outcomes that the agency will produce, the consequences that it will create, or the impact that it will have (Robert Behn, 2001). The Internet provides the platform for this “accountability for performance.”

Our expectations for the performance of public agencies cover more than keeping a customer happy, however. They include achieving performance standards that are set at a higher level than a seller-buyer exchange. Yet, in an Internet-enabled world, how does a system of accountability work – in a world of decentralized governance, shared power, collaborative decision processes, and broad civic participation? By delivering the same level of customer service from Government that citizens have come to expect from buying merchandise from Amazon.com, or ebay.com—and by eliciting feedback from consumers on their satisfaction and ways to improve public service.

According to a poll conducted by opinion experts Peter Hart and Bob Teeter between November 12 and 19, 2001, 75 percent of Americans who use the Internet had recently used a .gov site. In addition to the communications value of the Internet to ensure public safety, citizens believe that e-gov has value for holding government more accountable and allowing citizens to ask questions and provide comments online. Americans want government that listens and is accountable to them. The Internet:

- allows citizens to communicate their opinions on major issues to officials quickly and easily,
- allows citizens to tell government what they need or problems they experience, and
- gives the public more information about the government's policies and decisions.

Seventy percent of Americans polled by Harris Teeter say that it is very important that government invest tax dollars into methods of providing individual citizens with information and services that are easier to use. Nearly as many (68%) say that it is important that government invest in ways to improve communication across government agencies and between the different levels of government. A smaller percentage (62%), but still nearly 2 out of 3, said it was important to invest their tax dollars in e-gov applications that help businesses find and use government resources and meet regulations.

In addition to addressing the concerns over public safety, government must make its web sites easier to use, say the respondents of the survey. Just under 45 percent of Internet users who have visited a government web site say that they are very or somewhat frustrated with the government's ability to make forms for things such as student aid, disaster relief, and income taxes easy to find, complete, and submit. In his new book, The Agenda, Michael Hammer describes the importance of using the Internet to transform the environment from a Hard to Do Business With (HTDBW) to an Easy To Do Business With (ETDBW) context.

Accountability, access to information, convenient services, and cost-effectiveness are four reasons for investing in e-government, conclude the Harris-Teeter pollsters.

### **Use of the Internet by small businesses**

In a 2000 study conducted by AMI-Partners International for the U.S. Small Business Administration, more than 5 million of the Dun and Bradstreet database of 7.5 million business owners, or 2 out of 3 businesses, use the internet regularly, particularly for e-mail and research. Just under a million (18 percent) use the Internet as e-businesses, buying and selling electronically, marketing, and using it for communications. The remaining 82 percent use the Net to brand their products, market their business, communicate, and research information to support their core business processes.

### **Bush Administration E-Gov Vision**

President Bush's FY 2002 and FY 2003 Budget proposals were management driven and predicated on the need for the Federal Government to adapt to a rapidly changing world. The primary objectives of the Presidential management agenda are to create a government that is citizen centered (not bureaucracy centered), results-oriented (not process-oriented), and market-

based (actively promoting, not stifling, innovation and competition). (A Blueprint for New Beginnings, p.179)

Information technology and the explosive growth of the Internet are powerful tools to create this new government. The Internet has changed the relationship between customers and businesses and is changing the way citizens interact with their government. By allowing an individual to access information and services from the bureaucracy, the Internet is shifting power from public institutions to the citizen. But to make government truly “citizen-centered,” agencies must work together to consolidate similar functions around the needs of the citizen and businesses. Citizen preferences, not agency boundaries, will drive the transformational change in government. Through the Internet, the taxpayer should be able to conduct transactions along secure web-enabled systems that use portals to link common applications (while protecting privacy). The same access should be possible with State and local governments that provide similar services. By making cross-agency and intergovernmental service delivery possible, the Internet can help to build a “single face of government” for citizens.

Simply put, the Administration’s E-Gov vision is not about technology. It is about delivering an order of magnitude improvement in customer service. It is more about satisfying citizen expectations, transforming government, and changing the way government and citizens interact. Today you can use the Internet to find answers to almost any question, buy or sell almost any product or service, even enjoy art and music. So why shouldn't all 25 million business owners in the United States be able to find laws and regulations that pertain to them, access helpful compliance assistance tools, or register their business, or get a license or permit online? Under the Administration’s E-Gov agenda, a project is underway to create such a portal or gateway.

### **President’s Management Agenda**

The President has called for “active, but limited” government, one that examines its role, empowering the states, cities, and citizens to make decisions; one that ensure results through accountability; one that promotes innovation through competition; and one that uses technology to offer easier access and more cost-effective service. As the cornerstone of the budget, the Administration has defined 5 core areas for reforming the management of the Federal government and assigned “grades” to each of the 26 key federal departments and agencies as benchmarks against which to measure performance. The mandate includes the following:

1. Integrate results and resources: Collaboration and integration of planning and evaluation with budgeting; budget accounts aligned with program results; goals, outcomes, and outputs matched with past results; full costing of activities that are integrated with performance in the budget; and documented program effectiveness.
2. Manage human capital strategically: Reduced organizational layers; human capital approach uses all tools and technology and supports mission and goals; effective succession planning in place, with emphasis on e-gov and competitive sourcing; and use of balanced scorecard, merit-based accountability, and high level of employee and customer satisfaction.

3. Improve financial management standards: Consistent with Federal accounting standards; accurate and timely financial information available; unqualified and timely audit opinion on financial statements; and integrated financial and performance management systems support daily decision-making (activity based costing).
4. Ensure competitive sourcing: Competition on 50 percent of FTE listed on Federal Activities Inventory Report; competitions and direct conversion conducted pursuant to a strategic plan; and reimbursable support service arrangements between agencies competed with private sector on recurring basis.
5. Expand E-Government: Business cases with value propositions completed for all major systems investments; major projects operate within 90 percent of cost, schedule and performance; one-stop delivery integrated through FirstGov; burden on business reduced by reusing data or using standards; productivity achieved through using industry best practices in customer relationship, supply chain, enterprise resource, or knowledge management.

E-gov will simplify government for citizens (and businesses) by organizing services around customer groups, offer efficient and easy access to information anytime and anywhere, and create a government that is more transparent and accountable. Today, our society is a web of information interdependency that flows between and among citizens and government, businesses and government, and government and other governments. As E-gov makes these interactions more understandable, accessible, hassle-free, and cost effective, citizens will increase their trust in public institutions, thereby achieving the goal of all democratic societies.

There are four segments in this citizen-centered strategy and the basis for defining performance goals and measuring progress:

- **Individuals (G2C)**: building easy to find one-stop-shops for citizens—creating single points of easy entry to access high quality government services
- **Businesses (G2B)**: reduce burden on businesses through use of Internet protocols and by consolidating myriad redundant reporting requirements.
- **Intergovernmental (G2G)**: make it easier for states to meet reporting requirements while enabling better performance measurement and results, especially for grants.
- **Internal efficiency and effectiveness (IEE)**: reduce costs for federal government administration by using best practices in areas such as supply chain management and financial management and knowledge management.

For businesses, the overall goal is to reduce their burden by adopting processes that enable collecting data once for multiple uses, reusing it many times (“component reuse”) and streamlining redundant processes. Key lines of business that can be targets for improved customer service are finding and complying with laws and regulations, economic development, trade, permits/licenses, grants/loans, and asset management.

Yet, the challenge is to move beyond using the web only to capture information in a static way. Our goal is to deliver web services, offer solutions, and solve problems. Good management requires technology to help managers understand how they can improve processes, expand

outreach, create a more effective customer relationship, permit citizens to voice their opinions and concerns to public officials, hold program managers more accountable for results, and save money.

The U.S. Small Business Administration (SBA) took the first step in FY 2001 to use information technology to deliver improved customer service, expand its outreach, create cost effective uses of limited resources, and offer businesses a voice to submit their comments and demand regulatory fairness. In December 2001, the Agency launched *BusinessLaw.gov* as the platform for the development of a Business Compliance One Stop, one of the Administration's 24 E-Gov initiatives.

### **BusinessLaw.gov**

**Problem.** In a recent National Federation of Independent Businesses (NFIB) small business poll (Vol 1, Issue 5, 2001), the following question was asked; "Is government regulation a very serious, somewhat serious, not too serious, or not at all serious problem for your business?" Nearly half, or 43.6 percent, answered "very serious" or "somewhat serious." Another question asked, "Which level of government creates the most serious regulatory problems for you?" 49 percent listed the Federal Government, 35 percent claimed state government and 13 percent said local government.

Laws and regulations affect large numbers of Americans. Approximately 7 million firms have employees with a total of 25 million businesses filing Schedule C tax returns with income from other sources than salaries. Each and every one of these businesses has to comply with government laws and regulations. Paying taxes, acquiring licenses and permits, and managing employees are reportedly the three most burdensome areas of laws and regulations affecting businesses.

In 2000, the Federal Register consisted of over 83,000 pages. The Code of Federal Regulations grew from 71,000 pages in 1975 to 135,000 pages in 1998 or over 16 feet in length when laid end to end. Annually, there are more than 4,000 regulatory changes introduced by the Federal government alone. In a recent survey conducted by the National Federation of Independent Businesses (NFIB), small entrepreneurs complained that it was both too difficult to find and too difficult to understand the myriad of laws and regulations that affect them. Moreover, they complained about the time and paperwork required to comply once they understood what needed to be done.

Through focus sessions, roundtable discussions, and electronic comments, small entrepreneurs consistently told SBA that it was just too difficult to deal with government. Laws and regulations cost them nearly \$500 billion in 2000 and continue to represent a major impediment to their success. Each day, the business owner is confronted with a dizzying array of legal and regulatory issues, from employment law to environmental regulations. It is a Herculean task just to find the pertinent laws and regulations, understand the basic legal requirements for starting and running a business, and access compliance assistance tools. Moreover, it is a tremendous reduction in burden to be able to conduct online transactions, such as registering a

business, applying and receiving licenses and permits, and learning what needs to be done to comply with the myriad of rules at every level of government.

Most businesses are subject to the numerous agencies at the federal, state and local levels that regulate business, adding to the confusion and time needed to become compliant. Currently, businesses have to search several Federal agency Web sites to find what they need. Business owners have told us to make it easier to find in one place all the legal and regulatory requirements that pertain to them.

**Solution.** In the summer of 2000, SBA began to see a pattern in the search strings submitted to the *U.S. Business Advisor* (<http://www.business.gov>); namely, a significant majority had questions of a legal and regulatory nature. Many related to finding simple factual answers, such as “where do I go for a license?” or “what’s the difference between a patent and a trademark?” Others were more complicated, probative, and judgmental in nature, such as “should I be a limited liability partnership or a S-Corporation” or “how do the employment compensation rules change if the firm goes from 2 employees to 10?” The search patterns demonstrated that access to legal and regulatory information was limited, burdensome, and costly. Equally important, the small business owner wanted to have access to compliance assistance tools and be able to conduct business online.

Using the existing decentralized administrative architecture of the *U.S. Business Advisor* and capitalizing on the motivation, skill, and experience of a dedicated field counsel, SBA began to create in the Fall of 2000 a cross-agency, intergovernmental legal and regulatory information gateway for business. The performance metrics included easy, understandable access and the ability for businesses to make their voices heard and opinions known. The overall goal of the web site was to make it easy for businesses to find, understand, and comply with laws and regulations at all levels of government that impact their day-to-day operations. Furthermore, the site needed to leverage the research and writing skills of field legal staff from all 50 states, the District of Columbia, Guam, Puerto Rico and the Virgin Islands. The result: in a little over 15 months, SBA used its field attorneys, resource partners, law schools, state agencies, and industry partners to create an integrated legal and regulatory information site with compliance assistance tools and online transactions. The site was launched in December 2001 with over 20,000 links to a myriad of legal and regulatory sites.

**Process.** To begin the web design and development process, SBA’s Office of Policy Planning signed an agreement with the Office of General Counsel to detail the Seattle district counsel to the project as manager and content builder. With the help of resource partners and focus groups, the project manager developed a template for the State of Washington that included more than a dozen categories of useful legal information that could be helpful throughout the life cycle of a business, e.g., getting legal help, licenses and registration, business structure, paying taxes, selecting a location, etc. Based on this template and more than 30 generic plain English guides, the project manager created a team of more than 250 individuals to conduct the research, provide the content, and submit the information for quality and consistency review, and subsequent posting to the site. The project manager moderated a threaded discussion web site and regular conference calls to ensure communication among the team members. Using the architecture of the *U.S. Business Advisor*, the team demonstrated that it could build content for a

web site in a decentralized manner, from the field, on a voluntary basis. Using the Internet permitted a non-tradition, albeit more effective, use of legal resources to reach out to more business owners to help them break down impediments to success.

**Feedback.** In April, 2002, SBA queried 381 users who had submitted questions to the web site since its launch in December 2001. A total of 54 responded, with 68 percent saying the site provided the information they were seeking, 90 percent believed the site was easy to use and 92 percent thought they would use the site again. Sixty one percent said they were satisfied with the answer they received from *BusinessLaw.gov*'s answer desk.

### **Value Proposition—Performance Metrics**

Secretary of Labor Elaine Chao expressed the goal of compliance assistance succinctly in an address to the American Bar Association on August 6, 2001:

*“Compliance assistance is...about helping people. Helping employers live up to common-sense standards of safety and fairness. Helping workers know what their rights are, as employees and members of unions...But we need to do our part first, to make sure our laws and regulations are clear and well understood by the regulated community. We need to give employers, workers and unions a compliance roadmap that is easy to understand, easy to measure, and as easy as possible to implement.”*

To do this, businesses need a single point of access to all the laws and regulations that affect them. They also need online tools that will help them assess whether they are compliant, as well as tools that will provide them with the opportunity to do business legally. Because of the growing number of businesses with Internet access (67 percent of all firms with employees in early 2001), the Web is currently the most viable delivery channel for these services. A one-stop compliance site will significantly reduce the time needed to find information.

In addition to being a great value to businesses, the tool will also be a great value to Federal agencies. Realizing that it is impossible to rely solely on inspection and enforcement, most Federal agencies have developed compliance assistance tools to help businesses improve their voluntary compliance rate, thereby reducing the cost spent by the agency on enforcement. DOL estimates that at current funding levels OSHA can inspect each workplace only once every 67 years. Therefore, creating electronic tools to help businesses find, understand and comply with laws and regulations is a cost-effective way to ensure that business owners comply with the law. Improving and streamlining these processes into a one-stop compliance site will serve to further reduce government costs.

### **Summary of Benefits**

There are three major types of benefits from *BusinessLaw.gov* as the platform for the Business Compliance Assistance One Stop, offering an estimated \$370 million in savings annually through:

- Time and money saved by businesses seeking to comply with laws and regulations,

- Reduced agency costs for answer and help desks,
- Increased agency savings by shifting from enforcement to voluntary compliance activities,
- Increased compliance by businesses.

An OSHA study showed that copies of the Hazard Awareness Expert Advisor were downloaded at the rate of 12,000 per year. The costs avoided by small businesses include hiring a consultant, and the time spent by the owner/manager with the consultant as compared to the owner/consultant spending time on the Web using an expert system. A conservative benefit of \$10 million dollars was estimated for each expert system annually. The Business Compliance One Stop proposes to develop approximately 30 expert systems providing an annual estimated benefit of \$300 million.

Businesses will save time looking for information organized in a user-friendly manner in one portal. We arrive at an estimate of \$58 million in savings by assuming the following:

- 8 million businesses with employees,
- 60 percent of businesses have access to Internet,
- 30% of businesses with Internet search for compliance information,
- Businesses save one hour annually through searching one portal rather than all agency sites,
- One hour is worth \$40.

Costs avoided through businesses obtaining information from an expert system rather than through an answer or help desk were estimated at \$400,000 per advisor annually or \$12 million for the 30 wizards.

## **Conclusion**

The Internet and communications technologies are transforming the possibilities for organizing communication, work, business, and government. We haven't seen such an influence on society and the economy since the days of the printing press, steam engine, railroad or electricity. Professor Jane Fountain writes in Building the Virtual State that the Internet and related information technologies have the power to change the structure of the state and the relationship between state and citizens. It can create seamless networks that offer a "single face of government" for citizens, blurring lines of jurisdiction among local, state, and national jurisdictions—often resulting in tremendous cost savings. Not only can public agencies create a one-to-one relationship with individual citizens giving them what they need, but for the first time in the history of the modern bureaucratic state can government serve citizens *on their terms*, when and where they want, cost effectively and with ease. Despite the continuing challenges to build the information infrastructure, ensure privacy and security, and bridge the digital gap in accessibility, training and technical assistance, the "democratization of technology and information" enables citizens to hold government more accountable thereby strengthening our form of representational democracy.