



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
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MEMORANDUM FOR THE HEADS OF DEPARTMENTS AND AGENCIES

FROM: Jeffrey D. Zients 
Deputy Director for Management

SUBJECT: Pilot Projects for the Partnership Fund for Program Integrity Innovation

The Partnership Fund for Program Integrity Innovation (the Partnership Fund) was established by the Consolidated Appropriations Act of 2010 (P.L. 111-117) to fund pilot projects to improve delivery of Federal assistance programs administered through state and local governments, or where Federal-state cooperation could be beneficial. The Partnership Fund received an appropriation of \$37.5 million. This memorandum includes: (1) the Partnership Fund's purpose and goals; (2) the respective roles of the Office of Management and Budget (OMB), Federal agencies, and other stakeholders in the Partnership Fund; (3) the selection process for pilot projects; and (4) the template and process agencies should use to submit ideas for pilot projects. Federal agencies with a role in the funding and/or delivery of benefits through state and local organizations should consider submitting pilot ideas. Since the best ideas are likely to come from front line operations, Federal agencies should also encourage their state partners to actively engage with the Partnership Fund.

Purpose and Goals

The Partnership Fund provides funds to Federal agencies to pilot and evaluate promising innovations to pursue the following four goals:

- improve payment accuracy
- improve administrative efficiency
- improve service delivery
- reduce access barriers for eligible beneficiaries

Pilot results will inform the expansion of innovations to other states or local agencies, as well as further administrative or legislative action to facilitate these four goals. In the aggregate, pilot projects must save at least as much as they cost.

Roles of OMB and Federal Agencies

The Partnership Fund is housed in the Office of Federal Financial Management (OFFM) within OMB. Through the Controller, OMB is responsible for managing the Partnership Fund,

coordinating its activities, and issuing guidance on pilot selection, evaluation, and cost neutrality. OMB will select pilot concepts for funding. In order to inform OMB's decisions and the Partnership Fund's overall efforts, a Federal Steering Committee, made up of senior representatives of Federal agencies that are responsible for the major benefit programs, meets regularly.

The Partnership Fund Pilot Selection Process

The Partnership Fund relies on a collaborative process to select pilots. In general, there are four steps to the selection process.

1. Submission of a pilot "idea." Ideas refer to innovative suggestions submitted by Federal agencies, states or other stakeholders.
2. Refinement of the pilot idea into a pilot "concept." Ideas submitted by Federal agencies are initially reviewed by OMB to determine whether the suggested techniques can feasibly be implemented and possibly yield substantive results. The most promising ideas will be further developed into pilot concepts that describe such factors as the specific technologies or changes contemplated, an implementation strategy, an evaluation strategy and a discussion of required resources. Generally, Federal agencies will confer with interested state, local and other stakeholders as pilot ideas are developed into pilot concepts.
3. Federal Steering Committee review and OMB approval. OMB consults with the Federal Steering Committee in finalizing funding decisions. In order for a pilot concept to be considered for approval, a Federal agency must commit to take the lead on implementation and provide a preliminary cost estimate and a preliminary evaluation plan. In order to approve pilot concepts, the appropriations language requires OMB to determine that resulting pilot projects will "address Federal programs that have a substantial State role in eligibility determination or administration or where Federal-State cooperation could otherwise be beneficial; in aggregate, save at least as much money as they cost; demonstrate the potential to streamline administration or strengthen program integrity; and do not achieve savings primarily by reducing the participation of eligible beneficiaries."
4. OMB transfer of funds. Once OMB approves a pilot concept, the Partnership Fund transfers the necessary funding to the lead Federal agency. The lead agency then administers a merit-based process to select specific states, localities, or other relevant entities to participate in the pilot through specific projects. Agencies should rely on their existing practices to select projects for funding. OMB works with agencies to develop estimates of the costs and savings of each pilot concept to ensure that, in the aggregate, they are cost-neutral.

OMB and the Federal Steering Committee select the concepts they believe have the highest potential to achieve measurable results for the four primary Partnership Fund goals within a limited time frame. The ideal pilot concept will:

- Address elements of the Partnership Fund’s four goals described above
- Address multiple programs and/or otherwise bridge organizational silos
- Yield measurable results in nine to 18 months
- Provide substantive data to inform future administrative, legislative or operational actions.

Not every concept will meet all of the above criteria. The size and scope of individual concepts may vary widely. In addition, pilots lasting more than 18 months will be considered based on the merits of potential outcomes. Pilot concepts will be presented to the Federal Steering Committee on at least a quarterly basis. OMB will approve pilot concepts and transfer funds to Federal agencies on a periodic basis as long as funds are available. For all concepts, a key component of selection, in addition to the statutory criteria, will be the ability of pilot evaluations to yield reliable data demonstrating how successfully the pilot meets the Partnership Fund’s four goals and whether the pilot can be replicated and sustained on a larger scale.

Pilot Evaluation

The \$37.5 million appropriated to the Partnership Fund includes funds to evaluate pilots to determine their success and appropriateness for broader implementation, either nationally or through expansion to other states or local agencies as appropriate. Evaluations will therefore determine the extent to which the pilots are meeting the Partnership Fund’s four goals and whether the pilots’ successes can be replicated and sustained on a larger scale.

The lead Federal agency for a pilot project will conduct evaluations through one of the avenues below, selecting the avenue that is most cost-effective based on the level or type of expertise:

1. an internal office that has the necessary expertise to conduct in-house evaluations;
2. an outside contractor with the requisite technical expertise; or
3. an interagency agreement with a Federal agency recognized for its expertise in program evaluation.

OMB is finalizing specific guidance on research methods and research questions. In general, evaluations will use the most rigorous, cost-effective research design appropriate to answering the research questions.

Preliminary evaluation plans that specify the research questions, methods, design, and cost must be submitted for OMB review as part of a final concept paper prior to consideration of the concept paper for funding. OMB approval of a concept is not final and funds will not be transferred to the lead agency until review of both the concept paper and the preliminary evaluation plan has concluded. In addition, the lead agency will submit a detailed evaluation plan for OMB review prior either to issuing a request for proposals (RFP) for an approved pilot or, in instances where no RFP will be issued, prior to obligating pilot funds.

Cost Neutrality for Pilot Projects

As noted above, the appropriation for the Partnership Fund requires that all pilot projects in the aggregate “save at least as much money as they cost” and “do not achieve savings primarily by reducing the participation of eligible beneficiaries.” The cost neutrality calculation focuses on changes in benefits or revenues that result from improved program integrity, increased efficiency, and increased participation as a direct result of the pilot. Pilots that have a net increase in participation will have those costs included. Savings from capped mandatory programs and discretionary programs as well as savings to state and local governments, will be measured in pilot evaluations and included in the evaluation, though not relied upon to satisfy the cost neutrality requirement. Pilot projects that test proof of concept through simulation (e.g., a data match to verify eligibility without actual enforcement) will not be included in cost neutrality calculations.

The Role of Other Stakeholders

As part of the pilot process, the Partnership Fund is committed to engaging stakeholders with the best expertise. Because a wealth of expertise lies outside the Federal government with state and local administrators as well as non-governmental stakeholders, appropriations language called for the creation of an interagency council of Federal, state, and other stakeholders. This critical role is played by a recently created Collaborative Forum. The Collaborative Forum membership includes state and local government representatives that may convene work groups to further develop the most promising ideas into pilot concepts or to consult on already developed concepts. Non-state stakeholders—including Federal agencies, non-governmental organizations, and others able to contribute policy and operational expertise—participate in the Collaborative Forum’s work by joining such work groups. The Collaborative Forum is coordinated by a secretariat-services support contractor, under a contract that is administered by GSA.

Submitting Pilot Ideas

The first step in the Partnership Fund process is the submission of pilot ideas. Attached to this memo are instructions and a template for how Federal agencies can submit pilot ideas. Other entities—including state and local employees, non-governmental organizations, and the public—may submit ideas through the *partner4solutions.gov* website, the partner4solutions@omb.eop.gov email address. Federal agencies with ideas that may meet the objectives of the Partnership Fund and would like them to be considered for the first round of funding should submit them to mwiggins@omb.eop.gov no later than October 30, 2010.

Our vision is that the Partnership Fund, the Federal Steering Committee, and the Collaborative Forum will generate a true dialogue among a variety of stakeholders representing different levels of government, different kinds of subject matter expertise, and different views. We encourage and look forward to your agency’s participation in the Partnership Fund for Program Integrity Innovation.

Attachment

**PARTNERSHIP FUND FOR PROGRAM INTEGRITY INNOVATION
TEMPLATE INSTRUCTIONS FOR PILOT IDEA SUMMARY**

The first step in the Partnership Fund pilot selection process is the submission of a two-page pilot idea summary. Pilot ideas have pilot potential and could be further developed into more detailed concept papers for review by OMB and the Federal Steering Committee for final pilot consideration. Pilot idea summaries may be submitted by any entity through the partner4solutions.gov website, the partner4solutions@omb.eop.gov email address.

Below are instructions for completing the template for submitting a pilot idea. Completed pilot idea submissions should not be more than two pages in length.

PARTNERSHIP FUND FOR PROGRAM INTEGRITY INNOVATION

PILOT IDEA: *Name of Pilot Idea*

- 1. Pilot Idea:** *Summarize the idea in 2-3 sentences.*

- 2. Programs Affected:**
 - *Which programs are affected, either directly or indirectly? Ideally, an idea would address multiple programs and bridge multiple programmatic silos.*
 - *Are these federal, state, and/or local programs? An ideal submission would involved multiple states and/or communities in the development or eventual implementation of a pilot.*

- 3. Measurable Impacts:** *How does the pilot impact each of the four goals of the Partnership Fund? A pilot needs to address as many of these goals as possible across multiple programs or test a solution that could later be applied to multiple programs.*
 - a) Improving payment accuracy*
 - b) Improving administrative efficiency*
 - c) Improving service delivery*
 - d) Reducing access barriers for eligible beneficiaries*

- 4. Expected Outcomes and Measurement Methodologies:**
 - *What are the expectations and measures of success in relation to the four pillars?*
 - *What are the possible quantitative and qualitative measures?*
 - *Could these outcomes be extrapolated to a larger environment?*

- 5. Potential Partners or Sponsors:**
 - *Which stakeholders and key organizations are involved?*
 - *Does the proposed pilot have sufficient stakeholder buy-in? Stakeholders could include federal, state, local governments, and non-governmental organizations.*

- 6. Estimated Operating Cost of Pilot:**
 - *How much would the pilot cost to implement?*
 - *Are there resources of matching or leveraged funds that could be used to support this pilot?*
 - *Is the Partnership Fund the most appropriate funding source for the pilot? All pilot ideas will be considered, but the Partnership Fund is targeting ideas that have struggled in the traditional environment when attempting to cut across multiple programs with multiple objectives.*

7. Estimated Impact on Program Costs:

- *What are the anticipated costs and/or savings on the various programs involved in the pilot?*
- *If the pilot were to be scaled-up, what are the anticipated costs/savings? Pilot ideas that increase program costs will be considered, but will intensify the need for other pilot ideas that decrease costs to maintain overall cost neutrality.*

8. Pilot Implementation Issues:

- *Is this pilot “shovel ready,” or does it require further refinement? What is the timeframe of the pilot? The target time period for the first round of pilots is nine-18 months.*
- *What are possible implementation barriers (e.g., requires waiver authority, privacy issues)?*
- *Is this pilot scalable? Successful ideas will demonstrate strong external validity and scalability.*
- *Could this pilot be implemented under existing legislative authorities or mechanisms?*
- *Are any administrative waivers required?*

PARTNERSHIP FUND FOR PROGRAM INTEGRITY INNOVATION

PILOT IDEA SUMMARY: *Name of Pilot Idea*

1. **Pilot Idea:**
2. **Programs Affected:**
3. **Measurable Impacts:**
 - a) *Improving payment accuracy*
 - b) *Improving administrative efficiency*
 - c) *Improving service delivery*
 - d) *Reducing access barriers for beneficiaries*
4. **Expected Outcomes and Measurement Methodologies:**
5. **Potential Partners or Sponsors:**
6. **Estimated Operating Cost of Pilot:**
7. **Estimated Impact on Program Costs:**
8. **Pilot Implementation Issues:**