

Every investment decision requires a leap of faith—sometimes a large one— into an uncertain future. When much of that uncertainty involves the value of the expected returns, risk increases and the investment decision is all the more difficult. This is an even bigger problem for government IT projects, which are notoriously risky and aimed at public value returns that are often very difficult to define and even harder to measure. This white paper takes on one important part of that problem: the question of describing and measuring public value.

We chose to focus on public value because it is both the most poorly understood and the most complex part of the overall problem. We can divide the overall analysis of return on investment (ROI) in government IT expenditure into four parts: costs, internal returns (agency efficiencies, cost avoidance, etc.), public returns, and risks. Of these, the public returns element receives the least amount of attention, though interest in this topic is growing. The key question about public returns, of course, is what do we mean by public value and how can we observe, measure, and document its creation. The goal of this white paper is to help answer that question.

The approach we take to answering that question takes a point of view based on our experience, analysis, and the background research for this paper. From this point of view we see two sources of public returns: (1) value to the public that results from improving the government itself, and (2) value that results from delivering specific benefits directly to persons or groups. We also see potential value creation that goes far beyond the traditional financial and service evaluation data. Value creation can come as much from increasing the integrity and transparency of government as from reducing costs through online tax payments. This expanded scope of value includes an often wide range of stakeholders, each with their special interests and expectations from government. This point of view dictates an expansive way of seeking public value. We call this a **public value framework**, meaning that it is less a specific measurement tool and more a way of identifying and assessing as wide a range of public value as possible. This is not a small task, and cannot be completed in one such effort. But this approach can advance the search for a way to effectively measure public value.