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OVERSIGHT HEARING ON COMPLIANCE BY CERTAIN DEPARTMENTS WITH THE GOVERNMENT PERFORMANCE AND RESULTS ACT

OVERSIGHT HEARING

BEFORE THE

SUBCOMMITTEE ON WATER AND POWER

OF THE

COMMITTEE ON RESOURCES
HOUSE OF REPRESENTATIVES

ONE HUNDRED FIFTH CONGRESS

FIRST SESSION

JULY 17, 1997, WASHINGTON, DC

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OVERSIGHT HEARING ON COMPLIANCE BY CERTAIN DEPARTMENTS WITH THE GOVERNMENT PERFORMANCE AND RESULTS ACT

THURSDAY, JULY 17, 1997

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON WATER AND POWER,
COMMITTEE ON RESOURCES,
Washington, DC.

The subcommittee met, pursuant to notice, at 3:30 p.m., in room 1324, Longworth House Office Building, Washington, DC, Hon. John T. Doolittle (Chairman of the Subcommittee) presiding.

Mr. DOOLITTLE. We will call the Subcommittee to order. I apologize for the delay. I think we will be able to get through this now uninterrupted.

STATEMENT OF HON. JOHN T. DOOLITTLE, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF CALIFORNIA

Mr. DOOLITTLE. The Government Performance and Results Act of 1993 is designed to promote a practical opportunity for the Federal Government today to put its house in order. The Results Act shifts the focus of Federal agencies away from traditional concerns such as staffing and activity levels and toward the overriding issue of results.

The Act was not designed to emphasize internal function or agency output, but rather agencies need to look to their core responsibility as identified by legislative authorization. They need to identify goals and strategies to produce measurable results in attaining the vision and mission of the agency.

A critical difference with this strategic planning effort is the fact that the agencies and the Congress are working for the American public, working with the American public, to develop these plans. Subsequently, the Congress will make the budget and appropriation cycles to the plan.

Prior strategic planning activities have been largely internal to the agencies without reflecting the input of the Congress and the public. This is as close as we have come so far to subjecting government to the type of real focus which makes the private sector more efficient.

We struggle every day with the responsibility to force government to live within its means, to craft and manage a government that is smaller, smarter, and more responsive. Instead of limiting its activities to those which the citizens cannot perform for them-

selves, their individual initiative, or private enterprise, this government has attempted to become all things to all people. In doing so, it is growing too expensive, too large, and too inefficient. The goal of the Results Act is to decide what government could do and develop a process to identify the overlap, the inefficiencies, and the areas where government has gone from aiding the citizens to hobbling the citizens.

James Madison, I think, said it best in the Federalist Papers, "It may be a reflection on human nature that such devices should be necessary to control the abuses of government, and frankly, a government is to be administered by men over men. The great difficulty lies in this. You must first enable the government to control the government and in the next place, to apply the controls set."

This is the reason the Results Act calls for consultation with the citizens and with the Congress. This is the reason we are looking for a clear reflection and statutory authority for the central elements of the strategic plans. This is the reason that the Act will tie the result of strategic plans to the budget appropriation cycle.

In crafting a strategic plan, each agency needs to compare specifically its strategic plan to that of its counterparts to identify overlaps and to identify the unique role it should provide. We have too many agencies trying to do the same thing.

A good deal of the blame for duplicate programs and vague missions is the Congress itself. Over the years, Congress has added new responsibilities without a close look at where they were creating overlap, but administrations and bureaucracies have followed with a vengeance. They had to do something to add to their numbers, to expand their responsibilities, to redefine themselves and their missions, and have indeed simply perpetuated themselves.

But government is not without self-perpetuation. That is the main reason that we have laws and regulations prohibiting agencies from lobbying.

The time has come for the Results Act to provide the mechanism to identify where we can eliminate the overlap, save the dollars, and force government to become more responsive.

The Department of the Interior has decided to produce both individual bureau strategic plans as well as a DOI overview plan. The Bureau of Reclamation provided a draft strategic plan to the congressional staff on May 2, 1997. Chairman Young and I provided a written evaluation later in the month highlighting both procedural and substantive problems with that plan.

The Bureau has provided a new plan and attached it to its testimony for this hearing. While it appears to respond to many of our concerns, it should be noted the timing of the response made it very hard to incorporate it into this hearing; however I am grateful to have the updated plan, and I would hope in the future it might be provided in a more timely basis, but I recognize the fact that it was provided.

The USGS also provided a plan in early May and met with the congressional staff. They subsequently provided revisions, but there are substantial areas where we feel there remains an opportunity to improve the product.

The Department of Energy chose to produce a single agency-wide plan. Unfortunately, when they initiated the broad congressional

consultation in May, they did not provide any draft of their plan. Since that meeting, they have produced a draft which relegates the power of the administrations to less than one paragraph. This result I find unacceptable.

Subsequent conversations between Subcommittee staff and PMA staff alerted them of the need to participate in the process to provide some information to the Subcommittee. That process has begun with some material being submitted, but it is far from complete and must be incorporated in the DOE plan as a whole in some fashion.

I would like to ask our witnesses to please rise and raise their right hands, and I will administer the oath.

Do you solemnly swear or affirm under the penalty of perjury that the responses given and statements made will be the whole truth and nothing but the truth?

Let the record reflect that each has answered in the affirmative, and I thank you very much. Please be seated.

We have a commitment to get Dr. San Martin out of here by 4 p.m., so I think we will alter the normal process of the Committee and invite him to give his testimony and any question or questions I may have I will address at that time, and then we will excuse you, Dr. San Martin, so you can keep to your schedule.

You are recognized for your testimony.

STATEMENT OF DR. ROBERT L. SAN MARTIN, EXECUTIVE DIRECTOR, ENERGY AND RESOURCES BOARD, DEPARTMENT OF ENERGY

Dr. SAN MARTIN. Thank you, Mr. Chairman. I certainly appreciate your assistance in that regard.

Mr. Chairman, thank you very much for inviting the department to testify today on our compliance with the Government Performance and Results Act.

I understand the Subcommittee's focus of interest is the department's GPRA activities as they relate to the Power Marketing Administration. In the Department of Energy's strategic planning process, I serve as the coordinator for all of the energy resources business line of the department, which does include the Power Marketing Administration.

I would first like to provide you with a little bit of background on the GPRA strategic planning in general and DOE's planning process in particular. GPRA, as was passed by the Congress, does require cabinet level agencies to prepare strategic plans. This means that the Power Marketing Administrations are not responsible for submitting individual strategic plans under GPRA. Instead, their activities are addressed in the DOE-wide strategic plan.

For this purpose, a strategic plan is a broad overview document that addresses the department from a top-down perspective. The department-wide plan does not attempt to go into detail about every departmental activity or program. After all, the Department of Energy has 127 distinct programs within its jurisdiction. If every program were covered in the top-down, overall DOE strategic plan, the document would be very large so as to be unusable.

The Power Marketing Administrations can and have produced their own strategic plans, plans that focus on their own individual missions as have the other programs within the Department of Energy. These power marketing administration-specific documents are the place to find the detailed discussions of the PMAs' goals and objectives.

Strategic planning, Mr. Chairman, by its nature as we are all finding out is a consultative process, one of formulation and consultation and revision. The working draft of the strategic plan issued last month by the Department of Energy is by no means the finished product. It was developed to provide a starting point for discussion and consultation. It can and will be altered significantly as the department continues to evaluate its draft plan, using input from the consultation process.

In fact, the Department of Energy's GPRA strategic planning team has worked closely with the House of Representatives GPRA coordinating committee to ensure that the Congressional consultation process meets the needs of the House Members.

To our knowledge, we have complied with their every request during this process for developing the GPRA strategic plan, and Mr. Chairman, we have heard from the staff that DOE's consultation process has been the best of the departments they dealt with.

DOE is currently in the middle of the consultation process. We welcome the Subcommittee's comments, and will most assuredly give them serious consideration for inclusion in the final plan which will be submitted to the Congress on September 30, 1997.

Not only is the department seeking congressional input during the consultation period, it is also providing its working draft to each cabinet agency, to hundreds and hundreds of interested stakeholder groups, and the general public available to them through the Internet. We are encouraging review, and we are encouraging suggestions and improvements from all of these sources.

GPRA, Mr. Chairman, does require all of us to do more than just strategic plans. It also requires departments to produce annual performance plans and a performance report for each fiscal year on how well actual performance tracked the plan.

The Department of Energy took the initiative and got a jump start on the Government Performance and Results Act performance plan requirement by issuing a performance plan with its fiscal 1998 budget, one year ahead of the GPRA timetable.

Mr. Chairman, the power marketing administrations have been active participants in the department's strategic planning process and conducted strategic planning of their own for several years. Their efforts dovetailed nicely with the rest of the department's activities in this regard.

Therefore, Mr. Chairman, I would argue that the way to look at the strategic plans of the department are that the individual unit plans dovetail into the master umbrella plan that is the corporate plan for the Department of Energy.

Sitting behind me today, Mr. Chairman, are Steven Wright, the vice president for national relations for the Bonneville Power Administration; Charles Borchardt, who is administrator of the Southeastern Power Administration; Michael Deihl, the administrator of the Southwestern Power Administration; and J.M. Shafer,

the administrator of the Western Area Power Administration. These gentlemen are available and are prepared to answer specific questions about the strategic planning process and performance measures of the individual power marketing administrations.

Thank you again for this opportunity to speak before you this afternoon. I and my colleagues will be happy to respond to any questions you or the other Subcommittee Members may have, Mr. Chairman.

[The prepared statement of Robert L. San Martin may be found at end of hearing.]

Mr. DOOLITTLE. It looks like it is me. Dr. San Martin, I must apologize that I did not introduce you in the rush to get this hearing going, and I meant to. You are the executive director of the Energy and Resources for the Department of Energy, is that correct?

Dr. SAN MARTIN. Yes, Mr. Chairman.

Mr. DOOLITTLE. And that is, as I understand it, that the PMAs report to you?

Dr. SAN MARTIN. Mr. Chairman, what we have in the energy resources board of the department is a cross-cutting council that includes all of the energy offices within the Department of Energy. It includes the PMAs, but it also includes the programs of nuclear energy, fossil energy, energy efficiency, renewable energy. It includes the office of energy research. It includes the policy office. It includes the policy office. It includes our energy information administration, and what we do is try and deal with planning and strategic directional issues for the combined energy programs within the department.

Mr. DOOLITTLE. It was my understanding, Dr. San Martin, that up until this point, up until we contacted you recently, the PMAs had not actually done anything pursuant to the Government Performance and Results Act, that whatever planning went on was not with specific reference or pursuant to that Act, but was pursuant to other internal directives. Do I have that understanding correct?

Dr. SAN MARTIN. Mr. Chairman, from firsthand knowledge of prior responsibilities I have had within the Department of Energy, I can assure you that the power marketing administrations and the individual organizational units have had a practice of strategic plans and setting up goals and objectives that they can measure themselves against.

Mr. DOOLITTLE. But that wasn't pursuant or with reference to the Government Performance and Results Act, was it?

Dr. SAN MARTIN. Mr. Chairman, when we began our internal pilot in 1994 for the purpose of preparing for the Government Performance and Results Act, and we began the process of developing not only a strategic plan, but also of developing annual performance plans and performance reports which we have done internally, the power marketing administrations have most definitely been included in that.

When I began calling together all of the energy organizations for the purpose of developing this particular GPRA strategic plan that you have before you, the power marketing administrations were included from day one.

Mr. DOOLITTLE. So then it is your contention that indeed these were pursuant to GPRA?

Dr. SAN MARTIN. Yes, sir. I believe that all of those actions were all carried out for GPRA or for the spirit of GPRA.

Mr. DOOLITTLE. The spirit of GPRA. Tell me about the spirit of GPRA.

Dr. SAN MARTIN. The intent that is embodied in the legislation, Mr. Chairman.

Mr. DOOLITTLE. It may be consistent with GPRA, but it was my belief that it was not carried out for GPRA. I might be wrong. Am I?

Dr. SAN MARTIN. Mr. Chairman, from my personal experience within the department, when we began to generically speak about GPRA coming and we were beginning a number of processes, the people who were working that knew that they were to prepare for, when we actually fixed and formally went out and convened people for the purpose of producing the document that is required by GPRA, which was again earlier this year, that is the point that most people would conclude was the fixed time when the focus was exclusively on GPRA.

Mr. DOOLITTLE. Could you provide to the Subcommittee some written documentation that provides the link between their planning and GPRA?

Dr. SAN MARTIN. Certainly.

Mr. DOOLITTLE. Let me ask you this. What percentage of the employees of the Department of Energy are employed in the power marketing administrations, the Federal employees?

Dr. SAN MARTIN. The Department of Energy has close to 18,000 Federal employees and 110,000 dedicated contractor employees, and of the Federal employees, the Power Marketing Administration represents a little over 20 percent, if I recall correctly.

Mr. DOOLITTLE. With over 20 percent of your Federal employees involved in PMAs, how is it that in the strategic plan of DOE that they get just a few sentences?

Dr. SAN MARTIN. Mr. Chairman, in many ways, the operation of the power marketing administrations serve a very important function in the service and the energy that they deliver and market. In many ways, it operates as a business in the conduct of their work. In that regard in operating as a business and striving to deliver reliable services at the lowest possible cost, a good deal of what they do is prudent and cost effect management of the resources they are entrusted with, and that, Mr. Chairman, is also covered in the corporate management section without reference to specific areas in the strategic plan.

When you get down to specific energy matters and the energy system, when we created an envelope for how all of the pieces of the Department of Energy fit, the power marketing administrations and how they fit in the electric sector and the critical function that they provide in support and stability of our transmission system was the highlight of their contribution from a strategic perspective, and therefore, that was the area that was highlighted in that overall strategic plan.

Mr. DOOLITTLE. It just seems strange to me that since over one-fifth of the entire Federal employee work force is employed in PMAs, that it wouldn't get more focus than it got, and I guess I

am expressing to you the opinion that I think it ought to get some additional focus.

Dr. SAN MARTIN. Mr. Chairman, your recommendation is duly noted, and I will certainly carry that back as this plan is revised because we expect to have a revision of this at the beginning of August and we will come back to the Congress again in hopes of getting more comments before we go into a final draft after that.

Mr. DOOLITTLE. Let me ask you, are there programs or activities that need to be eliminated, created, or restructured to achieve the goals outlined?

Dr. SAN MARTIN. Do you mean the plan that is being commented on now, Mr. Chairman?

Mr. DOOLITTLE. Yes.

Dr. SAN MARTIN. The plan that is being commented on right now is a plan that looked at trying to carefully identify and relate to all of the important broad areas of the department and all of the areas that are required of the department by legislation. I think we have addressed that, and the plan is before you at this time.

It does not give you an itemized list to respond to the question you just asked.

Mr. DOOLITTLE. Are you aware of such programs or activities that will need to be eliminated, restructured, or created?

Dr. SAN MARTIN. I am not at this particular point in time, Mr. Chairman.

Mr. DOOLITTLE. I know this is a first-time experience for all these agencies going through this, but it seems to me that it is a worthwhile endeavor if we can actually improve the bottom line of all the taxpayer money being spent through governmental activities, namely, the results.

May I just ask you, and I don't know your background, but have you been employed in the Department of Energy for a number of years?

Dr. SAN MARTIN. Yes, sir, Mr. Chairman. I joined the Department of Energy in 1978.

Mr. DOOLITTLE. I was correct in the beginning. It is my belief that the people who work in these agencies are the ones many times who are most aware where the duplication is or where the inefficiencies are, and oftentimes, they have an idea of ways things could be carried out that would improve the results, because they are most familiar with the activities.

I just wonder if you would care to comment on your prognosis for seeing something positive coming out of this process?

Dr. SAN MARTIN. I would like to very much, Mr. Chairman. I have two major comments. No. 1, I think that GPRA is very good for the Federal Government and will be good for the Department of Energy, and I personally genuinely support everything that is intended in the legislation.

Reflecting what I have seen over the last almost 20 years, I think that we are genuinely going through a learning process, and if we have the opportunity to be able to do this for another two or three cycles, because we will learn from each other and we will get much better at doing this, I think we will have done a real service to the public.

At the same time that we are going through this learning experience, I think part of that is going to be how we use the best information that we have available, because in many ways, if you look at a very, what should I say, corporate strategic plan and then you evaluate that with all the strategic plans that exist with the operating units, I think one gets the very best picture of how well one is truly documenting and explaining what functions and actions and results are actually being carried out.

Now, you were also asking the question about what can we potentially do to eliminate less-than-desirable functions or less-than-efficient functions within the department, and I believe we have to be very vigilant in looking for this at all points in time, but I must point out that it was only about 3 years ago that in the Department of Energy, we went through a very extensive bottoms-up strategic alignment process where we identified a considerable amount of actions, programs, and activities that we felt were either no longer appropriate or were significantly inefficient or were not sufficiently productive, and we changed things and eliminated quite a few things, and in that regard, I think we made some big steps forward in carrying out what is intended by the legislation, but I think there is always the opportunity to look harder and do the job better.

Mr. DOOLITTLE. The Southeastern Power Administration's strategic plan for 1997 contains the goal that Southeastern will increase project reliability from 87 percent to 95 percent by 2002, which would be a very commendable goal to achieve. The second and third objectives specifically state that Southeastern will encourage its customers to lobby for funding.

Now, I don't know whether that violates the law or not, but it seems to me that it is awfully close to that. Could I invite your comment on that portion of their plan?

Dr. SAN MARTIN. Mr. Chairman, may I call on my colleague?

Mr. DOOLITTLE. Yes. Would you identify yourself and be sworn in as a witness?

Mr. BORCHARDT. Yes. I am Charles Borchardt, Administrator for the Southeastern Power Administration.

Mr. DOOLITTLE. Mr. Borchardt, would you please raise your right hand?

Do you solemnly swear or affirm under the penalty of perjury that the responses given and statements made will be the whole truth and nothing but the truth?

Mr. BORCHARDT. Yes, I do.

Mr. DOOLITTLE. Thank you. Go ahead and give us your comment.

Mr. BORCHARDT. Yes, sir. I think what we were talking about at that time was the general statement that we would try to seek alternative funding and have the customers work with the Corps of Engineers to obtain funds directly to eliminate some of the requests for appropriations that the Corps was going through.

Mr. DOOLITTLE. From previous hearings, Mr. Borchardt, I know we have discussed the reliability issue, and I know it is important that you receive proper funding for the operation and maintenance of the power generating facilities, but I was a little concerned to read the emphasis on lobbying, and I would like to have that clarified.

Mr. BORCHARDT. It was an unfortunate use of the word. It was not meant to be lobbying per se but to find ways of doing alternative funding and thus eliminate additional appropriations. This would be primarily on the Corps side, but it would reduce our rates.

Mr. DOOLITTLE. I would like to thank you two gentleman for being here. Dr. San Martin, I note that your hour has almost arrived, and with that, we will excuse you and carry on with the remaining witnesses.

Dr. SAN MARTIN. Thank you very much for being able to assist me, Mr. Chairman, and I would be very happy to work with you and your staff on any followup.

Mr. DOOLITTLE. Thank you. I appreciate that. Our next witness will be Susan D. Kladiva, Acting Associate Director; Energy, Resources, and Science Issues, from the United States General Accounting Office. Ms. Kladiva, welcome.

STATEMENT OF SUSAN D. KLADIVA, ACTING ASSOCIATE DIRECTOR, ENERGY, RESOURCES, AND SCIENCE ISSUES, RESOURCES, COMMUNITY, AND ECONOMIC DEVELOPMENT DIVISION, UNITED STATES GENERAL ACCOUNTING OFFICE

Ms. KLADIVA. Thank you, Mr. Chairman. I am pleased to be here today to participate in the Subcommittee's review of the efforts of the Departments of Energy and Interior to comply with the requirements of the Results Act.

As agreed, I will comment on the overall quality of the draft strategic plans of Energy and the Interior and provide specific comments on the Energy plan as it relates to the Power Marketing Administrations, and Interior's plan in three key areas, first, the Bureau of Reclamation's mission; second, the coordination of cross-cutting program activities at the Bureau and the U.S. Geological Survey; and third, the challenges that both will face in providing reliable information for measuring results.

It is important to recognize that the final plans are not due to the Congress until September and that the Results Act anticipated that it may take several planning cycles to perfect the process, and that the final plans will be continually refined as future planning occurs. Thus, my comments reflect a snapshot of the plans in mid-June when they were submitted to the Congress.

First, with respect to the Department of Energy's draft plan, while we found that the agency has made progress in developing its plan, the draft plan does not provide the Congress with complete information for its consultation with the agency. Energy has developed a plan that is appropriately focused on a department-wide mission that transcends the interest of individual programs. Accordingly, the document barely mentions PMAs specifically.

However, of particular concern to this Subcommittee, it does not identify programs and activities such as those of the PMAs that are cross-cutting or similar to those of other agencies. The PMAs' function of marketing electricity relates to the functions of the Bureau of Reclamation and the U.S. Army Corps of Engineers that produce the electricity that the PMAs market. However, the plan does not recognize that the achievement of Energy's strategic goals will depend in part upon its coordination with these agencies. To ensure

that the PMAs, the Bureau, and the Corps are moving toward mutually reinforcing goals and objectives, we believe it is important for Energy to address the coordination issue of its plan.

Turning to Interior's draft plan, a significant amount of work still needs to be done before Interior's plan can fulfill the requirements of the Act. Since programs within Interior are carried out primarily through its eight major autonomous subagencies, Interior chose to implement the Act by developing an overview plan for the department as a whole and requiring each of the subagencies to develop its own plan.

Three key areas are of special interest to this Subcommittee. First, the Bureau's mission. Although the mission statement is comprehensive and covers the major statutory responsibilities, this Subcommittee and the Bureau disagree about the focus of its basic mission. The Subcommittee's May 29 letter to the commissioner noted that the Bureau seems to be abandoning its original mission of developing water resources in favor of managing water resources.

You questioned whether the Bureau is the appropriate agency to be carrying out the activities related to this management mission. The mission of the Bureau, which was established 95 years ago, has evolved and changed over time. Its present-day mission is a legitimate and suitable subject for negotiation. It is the basic premise from which the remainder of the plan flows. The consultation process established by the Results Act provides an ideal framework for discussing such issues.

Next, cross-cutting program activities. As with Energy, Interior's draft plan generally does not identify programs and activities that are cross-cutting or similar to those of other agencies, nor does it indicate that any coordination has occurred.

For example, both the Bureau and the Geological Survey as well as other agencies such as the Environmental Protection Agency address environmental water quality issues. Cross-cutting program efforts present the logical need to coordinate efforts to ensure that goals are consistent and, as appropriate, that program efforts are mutually reinforcing.

We have found that when this is not done, overlap and duplication can undermine efforts to establish clear missions and goals.

Finally, identifying program measures and ensuring the development of reliable financial program information to measure the progress under their strategic plans will be major challenges for Interior and all of its subagencies. Interior acknowledges the challenge, and to its credit, has included in its department-wide draft strategic plan a general goal for improving its financial and performance reporting systems to better support the implementation of the Results Act.

In summary, both the Departments of Energy and the Interior have made progress toward meeting the requirements of the Act. The continuing consultation process provides the opportunity for this Subcommittee to ensure first, that he subagencies' priorities are consistent with those of the Congress, and second, that the functions are complementary, appropriate in scope, and not duplicative.

Mr. Chairman, that concludes my statement, and I will be pleased to answer any questions that you may have.

[The prepared statement of Susan D. Kladiva may be found at end of hearing.]

Mr. DOOLITTLE. Thank you very much. We will proceed next with the remaining two witnesses, and then have questions of the remainder of the panel.

Our next witness is the Honorable Eluid Martinez, Commissioner of the Bureau of Reclamation. Commissioner, I am pleased to have you here and recognize you for your testimony.

STATEMENT OF HON. ELUID L. MARTINEZ, COMMISSIONER, BUREAU OF RECLAMATION, UNITED STATES DEPARTMENT OF INTERIOR

Mr. MARTINEZ. Thank you, Mr. Chairman, and thank you for the opportunity to provide testimony on the status of the Bureau of Reclamation's compliance with the Government Performance and Results Act.

With your permission, I would like to summarize my comments and have the full text of my prepared statement entered into the hearing record.

Mr. Chairman, the Bureau of Reclamation has taken its responsibilities in this process seriously. GPRA has provided the Bureau an opportunity to re-examine its role and will provide Congress the opportunity to consider the role of the Federal Government in meeting contemporary water needs in the west.

Because western water supplies are limited and because Reclamation supplies water to some 10,000,000 acres of land in the west and over 30,000,000 people, our actions are important in addressing the broad range of competing demands for water in the west.

To address these demands for water, we are involved in a number of initiatives, including the management of water at our projects. We are assisting communities through a number of activities. We provide technical assistance for water conservation. We are helping to demonstrate and implement the benefits of water reclamation and re-use, and where appropriate and in cooperation with States, tribes, local, and other entities, Reclamation is and will encourage the development of consensus-based structural and nonstructural economically justified and environmentally sensitive water supply initiatives.

We will continue to work with Congress and other Federal, State and local governments, Native Americans, and the general public to meet the water and related resource needs of the 21st century.

We realize that this process is an ongoing initiative. On April 17, Reclamation published in the Federal Register a notice of availability of its draft strategic plan. We posted a copy of the plan on our home page, and that plan continues to be on the Internet.

Through the months of April and May, Reclamation held numerous meetings in States throughout the west and in Washington, DC, on its April draft plan. We met with Federal, State, and local government agencies. We met with water users, power users, Indian tribes, conservationists, academics, and others, and on May 2, Reclamation received input from this Subcommittee on our initial

draft, and Reclamation is aware and is responding to comments made by yourself and Chairman Young on these issues.

Mr. Chairman, these meetings were productive. In fact, as a result of the six meetings held in Washington, Reclamation now hosts regular monthly meetings in Washington with interested parties. The next such meeting is scheduled for July 23.

Based on the comments received to date, our April 17 draft has undergone what I consider to be significant changes. Next week, Reclamation's plan will go to the Department for its review. Between now and August 15 when the plan is sent to the Office of Management and Budget, it is my hope that Reclamation will have another opportunity to meet with the Subcommittee to receive your concerns. We will continue our meetings in Washington with stakeholders, and will continue to receive comments from interested parties.

The revised plan will be placed on the Internet, and we will transmit the plan to all the western Governors in reclamation States for the comments and input. The report is due to Congress on September 30.

Mr. Chairman, this hearing is both timely and appropriate. Reclamation's strategic plan continues to be an effort that was begun in the late 1980's. Ten years ago, this Subcommittee had a congressional oversight hearing on the reorganization of the Bureau of Reclamation, and it focused on a document entitled Assessment 1987, and I raise this issue, and you might in your time have an opportunity to read this document. It is about 131 pages, and I have read it over the last few weeks, and it sheds some interesting information on the Bureau of Reclamation.

At that time, Assistant Secretary James Ziglar testified before the committee, and made some remarks that remain appropriate today. I would like to quote one of his comments.

He said that the Bureau of Reclamation's original mission of reclaiming the west was relatively close to being accomplished in that there were very few opportunities left to build large dams and reservoirs. However, the Bureau's general mission of providing an adequate supply of water was far from being accomplished.

He went on to say that to accomplish this, the Bureau must change from a construction-company mentality to a resource-management type of agency.

Mr. Chairman, I bring this historical reference to your attention to point out that the Bureau of Reclamation, Congress, and the stakeholders have been discussing the contemporary mission of the Bureau of Reclamation for more than a decade through different administrations.

I and Reclamation look forward to working with you and this Subcommittee to continue to debate this important issue. Thank you again for the opportunity to testify, and I would be pleased to answer any questions you might have.

[The preparee statement of Eluid L. Martinez may be found at end of hearing.]

[Draft Strategic Plan for Bureau of Reclamation may be found at end of hearing.]

Mr. DOOLITTLE. Thank you. Our next witness will be Dr. Gordon P. Eaton, Director of the United States Geological Survey. Mr. Eaton, I invite you to give your testimony.

STATEMENT OF DR. GORDON P. EATON, DIRECTOR, UNITED STATES GEOLOGICAL SURVEY

Mr. EATON. Thank you, Mr. Chairman. Like my colleagues here at the witness table, I very much appreciate this opportunity to discuss with you the Geological Survey's draft of its intended plans and accomplishments under the Government Performance and Results Act.

In your letter of invitation to Secretary Babbitt, you expressed specific interest in having us address several different topics, but before addressing these, I would like to share some background information about the USGS strategic planning efforts in general and GPRA planning in particular.

In June 1996, the Geological Survey concluded an 18-month strategic planning effort with the publication of a paper entitled Strategic Plan for the U.S. Geological Survey, 1996–2005, and that document ably expressed the vision and strategic direction of the USGS, but it did not provide statements of goals and objectives as called for by GPRA.

For that reason, a revised plan, Strategic Plan for the U.S. Geological Survey for 1997 to 2005 carries forward much of what was laid out in the June, 1996, publication, but adds GPRA goals and objectives as well as addressing the programs of the National Biological Service, which at the direction of the Congress, had become the Survey's Biological Resources division on October 1 of last year.

This new document has been revised as of June of this year to reflect comments provided both by departmental staff and as a result of preliminary consultations with congressional staff, including members of the staff of this Subcommittee.

The U.S. Geological Survey also participated in the pilot phase of GPRA implementation through the National Water Quality Assessment Program. Through this early experience, we have learned and are learning a lot, including, for example, the fact that it is possible for different measures of success to have different significance depending on the interests and the different perspectives of the reviewers. Also, for performance plans, performance measures, and critical results to produce desired outcomes, there must be ongoing communication between and among performers and reviewers.

Suffice it to say it has been a significant challenge for the USGS as a science agency to develop results-oriented performance measures that will allow ourselves and others to determine whether or not specific goals are being met.

Some of the difficulties that we face, and these are shared with other science agencies in the Federal Government, include the following.

In most cases, a minimum of 5 years is required to fully realize outcomes from much long-term research, although summaries might not yield meaningful and strategic results for as much as ten or more years.

At an even more fundamental level, we often cannot anticipate whether our research findings and facts will be used immediately

by a client or what the results might be. In other words, if we are attempting to measure outcomes, in many cases, the results of our work lead to outcomes that are in the hands of others, and not ourselves.

With these brief concerns as background, let me turn now to the Subcommittee's four specific areas of interest.

The first is the unique responsibilities of the Geological Survey that define its mission. This mission can be very succinctly summarized as providing the Nation with reliable, impartial information to describe and understand the objects, the phenomena, and the processes at work upon and within the earth.

This information is used by others to minimize loss of life and property from natural disasters to manage water, biological, energy, and mineral resources, to enhance and protect the quality of life, and to contribute to the wise economic and physical development of the assets of the nation.

Within this overall mention of the USGS, the mission of the water resources division is to provide reliable, impartial, timely information needed to understand the nature of water resources.

Water Resources Division activities include data collection, assessments of water resources, applied research, basic research and development for the purpose of solving water-related problems.

In summary, the Water Resources Division of the U.S. Geological Survey is a primary source of scientific information on one of the nation's most important and vital natural resources, water. This responsibility fulfills a unique Federal role by providing standardized, objective information to the entire country through the collection of long-term hydrologic data, interpretive reports, and the development of new measurement and analytical methods.

Historically, the USGS has been very active in coordinating its work with other agencies. The newly formed advisory committee on water information convened by the USGS brings together 35 water resource organizations at all levels of government, the private sector, universities, and public interest groups as well.

Reimbursable programs with numerous Federal agencies provide an acute awareness of current and future needs of water information that are reflected in the USGS strategic plan.

One example of this process is the watershed and river system management program, a cooperative, formal venture between the USGS and our colleagues in the Bureau of Reclamation. The program supports the development and application of data-based decisions for systems, which in turn assist resource managers at Federal, State, and local levels, and the result has been the postulation of a specific GPRA measure.

In addition to such programmatic interactions, the USGS has established a number of formal bilateral committees. The Survey participates in the interagency research roundtable and the Natural Resources Performance Management Forum, Federal agency groups sharing experiences in implementing GPRA.

We see great value in GPRA, and despite the concerns that I have expressed, I think that by working together in consultation with the Congress, we can find a way in fact to make GPRA meaningful and helpful to our conduct where appropriate.

Again, Mr. Chairman, I appreciate the opportunity to appear before you this afternoon.

[The prepared statement of Gordon P. Eaton may be found at end of hearing.]

Mr. DOOLITTLE. Thank you very much. One of the comments by the General Accounting Office would seem to be common to all three of the departments or agencies represented here today was the failure to identify programs and activities that were cross-cutting or similar to those of other agencies.

I just wondered if any of you would care to offer your thoughts as to why that seems to be a missing element in your own plan, or if it is a missing element basically in all three that are represented here today.

Maybe we should begin with our witness from the GAO and ask you if you would offer your thought on that.

Ms. KLADIVA. For one thing, Mr. Chairman, I think that agencies in going through this process right now are focused on themselves and they are not thinking beyond their own mission sphere in terms of what they can accomplish on their own versus what they must accomplish by working with other government agencies.

As we pointed out with the PMAs, for example, they market the electricity, but in order for them to market electricity, they have to have the power and coordinate with the Bureau of Reclamation and with the Corps of Engineers.

In looking at the strategic plans of those two entities, they do not appear to have coordinated with one another, although individually, each has some performance measures that would relate to the functions that are important to the other.

When we talk about coordination, we don't mean just putting the document out there for comment and for others to see. What we mean is sitting down and discussing and reaching agreement so that when you look across the plans, where activities are related, you see a consistent pattern in the performance measures, the goals and objectives so that you have some degree of confidence that they are actually going to be able to fulfill that goal or objective by working together.

Mr. DOOLITTLE. I appreciate that. Mr. Borchardt, I can ask him, but let me ask the two of you that remain with your agencies.

Have you had an opportunity to go sit down and compare notes on these similar responsibilities?

Mr. MARTINEZ. Mr. Chairman, I think if I may comment, the bureaucracies have a tendency to respond to the issues that they need to respond to, and I think that if that would have been—my understanding is that the GPRA Act does not require that kind of coordination, although I do believe that it is an important and integral part of this whole process.

Probably one of the reasons, and I am speaking as an individual, one of the reasons you are not seeing these plans for this is because it is not one of the six or seven requirements. I do believe that there is quite a bit of coordination taking place.

In my particular instance, I have attended several meetings by other agencies going through their GPRA plans, and I know that that coordination is taking place and is taking place inside the Department of the Interior.

I think that it is through these type of hearings that raise these issues that make the agency more aware that this is an issue that the Congress is concerned about, but I think there is that consultation taking place.

Now, let me raise another issue here that I think needs to be raised, that notwithstanding the fact that you have different agencies involved in similar activities to relate to the testimony, the comment that was made here to my left just a minute ago, is that even though you might have EPA, the Bureau of Reclamation, the BIA, and the Department of Energy all involved in common issues which might be water quality, it would be in my opinion very difficult for all of them to reach a common goal, because their missions and their responsibilities might differ. But where they can have common goals, you have to identify the duplication, and that is just an observation that I volunteer as an individual, Mr. Chairman.

Mr. DOOLITTLE. I didn't quite follow the last part of your statement. You said where they do have common goals?

Mr. MARTINEZ. What I am saying is that the EPA is a regulatory agency; the Bureau of Reclamation is a management agency. We both have common interests in certain issues, but we might not necessarily agree on the same outcome of that issue was more or less what I am trying to say.

So it might be difficult to set four agencies around a table that are all involved with water quality to all say this is our common goal, because they spread out on certain issues. In other words, they don't all agree on certain issues.

Mr. DOOLITTLE. You may have different goals, and I understand that may produce a different conclusion, but I guess from your perspective, from your own personal knowledge and experience, are there some areas that are duplicative, perhaps through identification of these different common responsibilities that might result in some improvement in efficiency or in some recommendation to Congress for legislation where it could be done administratively to clarify these different missions?

Mr. MARTINEZ. Mr. Chairman, I guess the idealistic answer would be that all Federal agencies don't duplicate efforts, but that in practicality is not the answer.

It appears to me that the process that allows agencies to see what other agencies are doing can lead to some improvement.

With respect to the Department of the Interior agencies, we try to coordinate as much as possible and avoid the duplication.

Mr. DOOLITTLE. Maybe that is an illustration of how it could work between agencies that aren't in the same department.

Ms. Kladiva, do you have a comment on that?

Ms. KLADIVA. Yes. Mr. Chairman, I would like to comment on the statement that the identification of cross-cutting issues is not required by the Results Act.

Specifically, one of the six requirements of the Results Act is that agencies are to identify key factors affecting achievement of general goals and objectives, and within the guidance of the Office of Management and Budget, Circular A–11 specifically indicates that among these key factors that should be considered is that achievement of goals can also depend upon the action of Congress, other

Federal agencies, State, local governments, and non-Federal entities. Key factors influence goal achievement directly and significantly and potentially could invalidate the assumptions underlying the goal.

Accordingly, the OMB guidance says that the strategic plan should briefly discuss and describe each key external factor, indicate its link with a particular goal, and describe how the achievement of the goal can be affected by that factor.

On that basis, when you have a number of agencies that have missions, for example, in water quality, unless those agencies sit down and talk with each other and sort out what the relative responsibilities are and where those responsibilities overlap, how do you identify where there is duplication?

If each agency approaches this as though what they are doing is fine, freestanding, and that they don't need to coordinate with other agencies, that is where you get a potential for duplication and waste.

Mr. DOOLITTLE. May I just ask you—I am looking at page 2 of your testimony under the subheading background, and you list the six elements the Act requires. Which one of these six does this fall under?

Ms. KLADIVA. Of the six, I am not sure that—it is number 5.

Mr. DOOLITTLE. Number 5, identification of key factors, externally to the agency and beyond its control that could significantly affect achievement of the strategic goals, and then you referred to a——

Ms. KLADIVA. The OMB circular which implements the Act for the executive agencies. It is Circular number A–11, part 2, which was issued in June 1996.

Mr. DOOLITTLE. Let me just ask our witnesses, are you gentlemen familiar with this circular that she is referring to?

Mr. EATON. I am in general, but I have staff who are familiar with it in detail.

Mr. DOOLITTLE. And Commissioner, is it the same situation for you?

Mr. MARTINEZ. I haven't read the individual circular, but I am aware of its existence.

Mr. DOOLITTLE. Let me just ask you, if you would, to get a copy of that or maybe have your staff get a copy of it and see if you can agree with Ms. Kladiva that the coordination is in essence part of the requirements of GPRA. Perhaps that is something we need legislatively to clarify in the future.

Mr. MARTINEZ. There is no question. I think that coordination is important, and I don't want to take up time debating that issue, because I find it interesting that General Accounting Office says all six conditions have been met, but if you have not met condition number 5, there seems to be an inconsistency, because they are saying all the conditions have been met, yet the plan is deficient because there is no coordination.

To me, there is a bit of a logic problem there, but we should just leave that to the side and maybe Mr. Eaton might want to shed some light on this.

Mr. EATON. Mr. Chairman, I would appreciate an opportunity to comment on that.

The absence of any reference to that in the GPRA report does not mean that there is no coordination. There is in fact extensive coordination.

In one area that is cited here, the area of water quality, there is formal and frequent coordination and communication with other agencies. I think the problem here is that the instructions in developing the GPRA plan were not explicit enough in asking to have those put forward.

Life did not begin with GPRA. We have been in this business a long time and we talk regularly and meaningfully with other agencies at the Federal level, the State level, and the local level.

The GAO did not come to us and ask that question. I wish that they had.

With respect to coordination across the whole of Interior, it is addressed by a variety of means in addition to that of strategic planning. Interior has coordinated its strategic planning process through a formal strategic planning steering group and through existing management coordination groups such as the Interior Management Council.

Interior has also been a driving force in the Natural Resources Performance Management Forum. This forum was established by the Bureau of Land Management, an Interior bureau back in May 1995 and include the Fish and Wildlife Service, the Forest Service which is part of Agriculture as you well know, and the National Park Service. The Forum facilitates the exchange of GPRA and related information.

So I think the wrong question has been asked here, and some assumptions have been made that in fact aren't borne out by the facts.

Mr. DOOLITTLE. And you two represent agencies that in fact are subagencies within the Department of the Interior, so I accept what you are telling me, that you in fact have the coordination going on.

I will have to ask in writing from the Department of Energy if they are coordinating with the Department of the Army, the Bureau of Reclamation.

Commissioner, you could probably tell us a little bit about that. Have they coordinated with the Bureau of Reclamation, as far as you are aware?

Mr. MARTINEZ. I am aware that some representatives from the power marketing associations have attended some of our workshops out west.

Mr. DOOLITTLE. Maybe if you could, for the record, supplement or amplify that answer if you have further information about what is going on there, but that would be an illustration of where you are dealing with entities that are not from the same department. Perhaps there isn't the level of coordination there as there is within the Department of the Interior agencies.

Ms. KLADIVA. I would underscore again, Mr. Chairman, that our point here is not that they just need to be talking with each other. We know that they coordinate on an operational basis from day to day in many cases, but what we are talking about here is this type of cross-cutting coordination and reaching agreement on the goals

and objectives of the strategic plans. That is the part that we are talking about.

We are talking about ratcheting it up above the working, everyday level.

Mr. DOOLITTLE. That is an important distinction. When you look at it like that, gentlemen, is it your belief that that level of coordination is going on or just the coordination that is essential for the everyday carrying out of activities?

Mr. EATON. I would argue that it is both from where we sit, and I would point out again, the program that I mentioned which is a formal partnership where we work together.

I have real trouble with the idea that somehow, there is no coordination going on here, and let me refer back to the Natural Resources Performance Management Forum.

That has been meeting on a regular basis and its membership includes NOAA and EPA and TVA and the Army Corps of Engineers, quite outside the Department of the Interior.

Mr. DOOLITTLE. Commissioner, what is your comment on that?

Mr. MARTINEZ. The point I was trying to make a while ago and maybe I didn't state it correctly is that there are some issues where this is probably possible, but there are different interests represented by different agencies that might be difficult to come around the table and come to closure.

For instance, in the development of water projects, there are endangered species issues, there are water quality issues, EPA has certain concerns, the Bureau of Reclamation has certain concerns, and sometimes, you don't come to closure on those issues.

I would find it very interesting to get all those agencies around the table and say we all want you to come to one conclusion on a goal of what should be the future of water development projects out west. I am saying that you probably would not be able to do that, so we have to be realistic as to where we are heading.

Mr. DOOLITTLE. Maybe this process can force some of those people to rethink their approaches.

Mr. MARTINEZ. It might be interesting to see what we get out of it.

Mr. DOOLITTLE. I think right now, it seems that you are basically saying that and I would agree that the network of laws and regulations appear to be in conflict, depending upon the agency. Is that your feeling, Commissioner, or have I not characterized that accurately?

Mr. MARTINEZ. I think, and again, I am speaking as an individual here. I think the authorities are pretty clear, but sometimes, people bring to the table different perceptions.

Mr. DOOLITTLE. I guess if this Act works as it is supposed to, it should focus on the results. We have to have available water, and we have to do it in a way that respects the environment and respects the opportunities for economic growth that are essential for maintaining conditions of economic prosperity. I would hope that this Act, by focusing on the results, would force us to operate a little bit differently maybe than we have been operating, because I don't think anyone can look at these resource or environmental controversies and feel good about how things are working in the government these days.

I think the hope here is, and I guess this is your point, Ms. Kladiva, that to carry out the intent of GPRA as GAO has described, the agencies would need to reference each other in their strategic plans and clearly identify conflicts and overlaps.

Ms. KLADIVA. Absolutely.

Mr. DOOLITTLE. Let me ask our two witnesses remaining if that is something that you could take a look at as you proceed with your strategic plans to see if you could at least identify the conflicts and the overlaps?

Mr. EATON. Absolutely no problem there at all.

Mr. DOOLITTLE. Commissioner Martinez, I really think you made a lot of progress in that last draft, and I appreciate your sending that to us.

One of the things that I would hope to get from all the agencies over which we have oversight is specific citations and statutory authority for each of the goals that you are identifying. I think that would be very useful.

I think it would be useful to help us as policymakers focus in on what you are actually supposed to be doing, and if there are goals out there that don't have adequate statutory foundation, then I think those would need to be reviewed during an oversight hearing. Then, either the foundation would need to be provided through a law enacted, or if there are things that are supposed to be done that aren't being done, then I think this is how we as a Congress representing the people are able to accomplish the business of the American people.

That would be of great benefit to us if you could provide that. I don't believe that is actually required by GPRA in the way I asked but I think it would be helpful when you write these plans to tell us what your goals are and so forth, that for each one, give us a footnote, which statute confers the authority to do that, and I think that would be something that I would appreciate having, and I think it would be useful to our Committee Members.

Mr. MARTINEZ. Mr. Chairman.

Mr. DOOLITTLE. Yes.

Mr. MARTINEZ. If I may, I think that is a point very well taken, and we tried to respond to that issue in our draft, but as you are aware, on Bureau of Reclamation, we have like 1,400 pages of the laws, and in most cases, it is project-specific.

Mr. DOOLITTLE. I read that in your testimony, and I thought no wonder it is such a difficult problem.

Mr. MARTINEZ. We would like to work with the staff to see how we might be able to address that issue without giving you on each of the goals five pages of recitations to specific laws, but the intent, I think, is good and we should address that.

Mr. DOOLITTLE. Another thing that came up in another hearing I was in, if you believe this is a problem, I wish you would highlight it as to how it fits into one of these six points, but there is a sort of a tradition that has arisen around here, a longstanding one, of having report language that is inconsistent with the actual statutory language.

That seems strange to me that we would operate in that fashion, because the only thing that is the law is what is in the statute, and yet the reports are oftentimes treated as if they were the law. I

don't know if you feel that that is a problem as you administer your agencies, but I know I have had to introduce a bill—the report had the language we needed in it, but the law was ambiguous, so we are changing the law.

Maybe in some cases, and I don't know what we would do with 1,400 pages of law that you deal with, Commissioner, whether that is—each of these projects is basically a separate and specific thing, the way we do it. Am I correct?

Mr. MARTINEZ. That is correct. For the most part, that is correct.

Mr. DOOLITTLE. That is a good point. I think I have asked the questions I want to. There are many other questions that we could ask, and I think rather than take up your time on any additional questions I have, I will tender it in writing and ask you please to answer as possible, and we will hold the record open for the answers.

I really appreciate the time that our witnesses have taken. I am sorry we had to wait so long to get started, and with that, the hearing will stand adjourned.

[Whereupon, at 4:40 p.m., the Subcommittee was adjourned.]

[Additional material submitted for the record follows.]

DR. ROBERT L. SAN MARTIN

Mr. Chairman, I appreciate the opportunity to appear before your subcommittee to testify on the U. S. Department of Energy's (DOE's) activities related to the Government Performance and Results Act of 1993 (GPRA), particularly as it relates to the Power Marketing Administrations (PMAs).

I am accompanied today by Stephen J. Wright, Vice President for National Relations of the Bonneville Power Administration, Charles A. Borchardt, Administrator of the Southeastern Power Administration, Michael Deihl, Administrator of the Southwestern Power Administration, and J.M. Shafer, Administrator of the Western Area Power Administration. They are prepared to discuss the strategic planning activities and performance measures of their respective PMAs.

Strategic Planning

GPRA requires the Department of Energy to submit a strategic plan to Congress by September 30, 1997, that contains six specific elements:

-- a comprehensive mission statement,

-- general goals and objectives,

-- a description of how the goals and objectives are to be achieved,

-- a description of how the performance goals included in the Department's annual performance plan will relate to the strategic plan's general goals and objectives,

-- key factors external to the Department and beyond its control that could affect achievement of the general goals and objectives, and

-- a description of the program evaluations used and a schedule for future evaluations.

GPRA requires consultation with Congress and stakeholder input into the development of the final DOE strategic plan. As agencies within DOE, the PMAs are participating in the Department's strategic planning process.

To initiate DOE's GPRA planning effort, Secretary Peña issued guidance to the Department in April, 1997. His guidance specified that the Department's programs would be grouped into four business lines: Energy Resources, National Security, Environmental Quality, and Science and Technology. Each business line was assigned a senior Departmental official to act as its "champion", and four Departmental teams were formed to develop a strategy for each business line. A fifth team was established to address corporate management issues.

During May, the planning teams met to develop input to the draft plan. After a preliminary briefing of Congressional staff held in late May, the Department prepared a working draft of the strategic plan and circulated it for widespread review and comment on June 16, 1997. Over a full month is being allowed for this review and comment period so the Department can benefit from the perspectives of the widest number of stakeholders, as well as the general public. Comments are being actively solicited from DOE employees and contractors, the Office of Management and Budget (OMB), other Federal agencies, and Congressional committees with oversight of DOE. After comments are reviewed and analyzed, the Department will prepare a revision to the strategic plan and provide a third round of briefings to the Congress during early August. The final plan will go to OMB by August 15, and be distributed to Congress and the public by September 30. Attached is the projected DOE Strategic Planning Schedule, which lays out the

process in more detail.

The PMAs are playing an active role in the development of the Department's strategic plan. The PMAs fall within the Energy Resources business line, and PMA representatives have been invited to and attended meetings of the Energy Resources planning team. The PMAs actively participated in the development of the draft strategic goal and objectives of this business line.

DOE is proposing that the strategic goal for Energy Resources be, "The Department of Energy and its partners will develop and promote sustainable, secure, and competitive energy systems that minimize impacts on the United States and the global environment." This goal fits well with the PMAs' mission and role in marketing hydropower from the multipurpose federal hydropower projects. More specifically, one objective for the Energy Resources business line -- Increase the security, flexibility, and reliability of the U.S. energy system -- would be supported by a strategy to "promote the safety and reliability of U.S. energy utility systems." One success measure of this strategy would be achievement of Honor Roll status on the area control error performance standard of the North American Electric Reliability Council each year by the federal transmission systems, which are operated by the PMAs. Hence, the PMAs fit within the broader scope of the Department's mission, goals, and objectives.

Annual Performance Plans

GPRA also requires DOE to prepare an annual performance plan covering each program in the

budget. The performance plan is to establish performance goals, expressed in measurable form, describe the processes, skills, technology, and resources to meet the performance goals, establish performance indicators, compare actual results against the goals, and describe the means used to verify measured values. This requirement begins with the fiscal year (FY) 1999 budget.

At DOE, strategic planning and performance-based budgeting have been underway since the beginning of the Clinton Administration. By stressing these disciplines over the past four years, the Department provided the Congress a budget that begins to implement this GPRA provision a year in advance of the legislated requirement. Specifically, DOE prepared a *Budget Highlights and Performance Plan* to accompany its FY 1998 Congressional Budget Request. The Department's FY 1998 Budget was developed as part of a Strategic Management Process linking objectives from ongoing strategic planning to performance-based planning and budget proposals. Decisions on how to invest taxpayer money were based on which programs best delivered results and accomplished strategic objectives.

Each PMA is addressed in the *Budget Highlights and Performance Plan* with specific performance goals and from one to six success measures that will determine whether these goals are achieved.

Conclusion

The Department of Energy has made a long-term and serious commitment to achieving full

implementation of GPRA. Significant resources are being devoted to these implementation efforts. The PMAs -- through their participation in the Department's efforts -- are an integral part of DOE's planning activities.

Mr. Chairman, this concludes my remarks. I will be pleased to respond to any questions you or the Subcommittee members may have.

DOE STRATEGIC PLANNING SCHEDULE

Activity Name	Duration (days)	1997 Apr	May	Jun	Jul	Aug	Sept	Oct
Secretary's Strategic Planning Guidance Memorandum Issued		4/22						
Strategic Planning by Teams	36	4/24		5/29				
Planning Teams Draft Plans due to Policy				5/30				
1st Congressional Committee Briefings	14	5/9		5/23				
Policy Prepares Draft Plan	52	4/24		6/16				
Prepare Front End Text	42	5/5		6/16				
Develop Cover and Graphics	40	5/6		6/15				
Incorporate Planning Team Input	12		6/3	6/15				
Submit Working Draft Strategic Plan to Congresssional Committees				6/16				
Review of Draft Plan	35		6/16		7/21			
DOE HQ, Field, Labs, Contractors	33		6/18		7/21			
OMB	33		6/18		7/21			
2nd Congressional Committee Briefings	28		6/23		7/21			
Federal Agencies (EPA, DOC, DOD, HUD, NRC, AID, NASA, etc.)	27		6/24		7/21			
NGO Customers/Stakeholders	28		6/23		7/21			
Planning Teams Prepare Written Comments on Reviews	7				7/21	7/28		
Written Comments Due to Policy						7/29		
Policy Prepares Final Draft Plan	7				7/30	8/6		
3rd Congressional Committee Briefings on Final Draft	4				8/7	8/11		
Policy Prepares Final Plan & Transmittal Letter	5				8/11	8/15		
Plan & Transmittal Letter to OMB						8/15		
Final Plan is Printed	15					9/10	9/25	
an & Letter to Congress and Public								9/30

June 17, 1997

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MR. CHARLES A. BORCHARDT

Mr. Chairman and members of the Subcommittee, I appreciate the invitation to testify before you today on Southeastern Power Administration's (Southeastern's) strategic plan and our involvement with the effort to update and modify the Department of Energy strategic plan in response to Government Performance and Results Act of 1993 (GPRA). I will begin my presentation to the Subcommittee with some general background on Southeastern.

Southeastern, located in Elberton, Georgia, markets power from hydroelectric projects owned and operated by the United States Army Corps of Engineers. Electric power marketed by Southeastern is produced at 23 power plants and is marketed in 11 southeastern states. These projects were constructed and are maintained by the Corps of Engineers. Southeastern has no transmission facilities and accomplishes the delivery of power by wheeling agreements with electric utilities who have transmission facilities in our area.

Southeastern Strategic Planning:
As an agency within the Department of Energy, Southeastern has participated in the Department's strategic planning process to address the requirements of GPRA. Southeastern and the other PMAs are included in the Energy Resources Business Line cluster of the Department of Energy's draft Strategic Plan. Our strategic planning process works in concert with Department's strategic planning process, with the final products of both processes complimenting one another.

Strategic planning has actually been in place at Southeastern for many years. We have long worked with customers and interested stakeholders to develop specific program mandates and evaluate results. In more recent years, the value and recognition of strategic planning has increased, allowing Southeastern to take a more active role in planning with other agencies, customer and stakeholders.

In 1991, Southeastern coordinated off-site planning sessions involving our customers, the Corps of Engineers, and Southeastern. The partnering involved different Corps of Engineer Divisions and Districts and customers from the different operating systems from which Southeastern markets power. These sessions produced common agreements regarding various issues and policies, reduced negative contacts, and established common goals and objectives that all parties could support. The Southeast Federal Power Alliance and Team Cumberland evolved from these sessions. These alliances have met twice a year since their beginning in 1991 and 1992 respectively. In addition, two summit level sessions have been held in Washington, D.C. among our customers, the Headquarters U. S. Army Corps of Engineers, and Southeastern.

A Southeastern Planning Team was assembled in 1993 to develop a strategic plan beginning with Fiscal Year 1994. This produced our first five-year plan and included some of the critical elements found in GPRA. However, the plan did not give adequate consideration to the dynamics of the utility industry or include sufficient input from all stakeholders. It was agency oriented. A second Strategic Plan for Fiscal Year 1995 and the next four years was developed to

address the issues affecting the utility industry, and changes that are occurring with the decline of available resources to the power marketing administrations.

Southeastern's current Strategic Plan includes more detailed planning and strategic direction. The plan incorporated refinements in the mission and vision statements, environmental scan and trend analysis, utility deregulation, and Federal Energy Regulatory Commission rulings, situational audits (internal and external factors), constraints on resources, and the development of goals and objectives that have the budget supporting the plan. Southeastern has adopted six areas upon which to measure its performance. Action plans and performance measurements are being developed.

Southeastern benchmarks the standard PMA financial measures, and publishes them in our budget documents and annual reports. In addition, Southeastern publishes the audited financial statements in our annual reports which are distributed to customers, the public, Congress and all interested stakeholders.

Repayment of the Federal hydropower investment is measured annually through system repayment studies. Repayment studies help Southeastern ensure that system rates are set to fully recover the Federal hydropower investment, including interest and operating costs. Rates are filed and published in the Federal Register and are sent to the Federal Energy Regulatory Commission for final approval.

Southeastern continues to respond to the increasingly competitive utility market by carrying out our responsibility of maintaining the lowest possible rates consistent with sound business principals. Recent changes in the utility industry and budget constraints have required Southeastern to further modify some of our original strategic assumptions and requirements. We realize that strategic planning must be dynamic, up to date and reflective of a changing environment.

Congressional and Customer Involvement:
In each of Southeastern's planning processes we have involved all interested stakeholders. Through administrative public processes, partnering initiatives and public meetings with customers and the public, all interested parties are involved in the issues impacting Southeastern and the region. As we move forward to modify and update our strategic plan and other planning processes, we will continue to be in consultation with interested stakeholders, other agencies, customers and Congress. The PMAs have been working with your staff and recently forwarded supplemental information outlining the existing plans and activities that meet the intent of GPRA. This supplemental information is intended to assist the subcommittee in their efforts as the authorizing committee for the PMAs. Your staff has been very helpful and accessible and we look forward to continuing our dialog on this and other efforts.

Mr. Chairman, this concludes my statement. I would be pleased to answer any questions that you or other members of the Subcommittee might have.

STATEMENT OF STEPHEN J. WRIGHT

Introduction

Chairman Doolittle and members of the Subcommittee on Water and Power of the House Committee on Resources (Subcommittee), I am Stephen J. Wright, Vice-President, National Relations of the Bonneville Power Administration (Bonneville). I appreciate this opportunity to discuss strategic planning at Bonneville including our participation in the Department of Energy's draft strategic plan pursuant to the Government Performance and Results Act of 1993 (GPRA).

Mr. Chairman, we again commend the Subcommittee for its continued focus on the impacts of the evolving competitive electric utility industry. Strategic planning at Bonneville is fundamental to our accomplishments. It is a critical element to being competitive while achieving our statutory requirements as a Federal hydroelectric power administration, meeting public responsibilities including our commitments to the taxpayer, and to our overall long-term programmatic achievements. The Subcommittee's attention and support are essential as we work together to address these challenges.

Strategic planning has been a core support of Bonneville's changing response to public and business needs for some time now. As a federal enterprise whose commercial success dictates its ability to provide public benefit, Bonneville found long-term strategic planning to be an essential supplement to its power system planning in the early 1980's as we considered our nuclear options in view of declining electric power load forecasts and increasing resource costs. Then Administrator Peter Johnson brought a Harvard Business School based methodology into the agency to help focus our economic decisions on the core benefits that the then recently enacted Pacific Northwest Electric Power Planning and Conservation Act (Regional Power Act) required Bonneville to successfully deliver to the region and nation. We stopped construction on two nuclear plants, trimmed costs and redirected remaining spending into smaller scale and more flexible resource strategies.

Now, times in the power business have changed again. Market forces will do much that previously involved significant governmental economic power. Further, Endangered Species Act requirements of the Federal Columbia River Power System (FCRPS) changed our inventory of products and the relative priority of the public benefits provided by Bonneville.

Starting in 1993, as the National Energy Policy Act of 1992 began to transform the industry, Bonneville began to develop a market assessment and business plan. Out of this effort, Bonneville developed the more concrete and measurable targets and objectives required for commercial success in competitive power markets. Because Bonneville sells most of its product in the wholesale market, we had great incentive to respond early or become uncompetitive. These plans, targets and market developments then drove another significant wave of Bonneville cost reductions and shifted spending priorities. Change is inevitable and strategic planning has offered Bonneville a means of adapting to our customers' and constituents' changing needs.

Bonneville has long been a champion of strategic planning for marketing Northwest Federal hydropower and providing public benefits to the region's industries, businesses and consumers. The function of strategic planning at Bonneville today is to create a plan for the future which weaves together our public purposes and the business and employee dimensions of our agency. It does so by creating first a clear statement of purpose and objectives which are enduring. Second, it translates those objectives in four key target results areas: financial, public responsibilities, customer satisfaction and high performing organization. Third, operating groups within the agency develop detailed action plans to achieve results. Finally, actual accomplishments are monitored and compared to the plan's specific targets.

The Pacific Northwest Electric Power and Conservation Act (Regional Act) established extensive public involvement in Bonneville's energy planning and decisionmaking. Since passage of the Regional Act in 1980, Bonneville has maintained open communications and dialogue with a wide range of customers and constituents including public and privately-owned utilities, the Congress, agencies of Federal and state governments, tribal governments, environmental and other interest groups, private enterprises, and Northwest consumers. Ongoing

strategic planning and consultations with both customers and constituents have provided sound guidance in helping us focus our mission, assure that our goals are specific and results-oriented, and that our strategies and funding expectations are appropriate and reasonable.

My statement today will focus on the strategic planning actions Bonneville is taking consistent with the strategic direction of the Government Performance and Results Act (GPRA), P.L. 103-62. Because the GPRA applies to Cabinet level agencies rather than elements within such agencies, a specific, separate GPRA plan for Bonneville has not been developed.[1] However, Bonneville has incorporated the essential guidance and elements of the GPRA into its strategic planning efforts which guide the agency.

We believe these strategic planning efforts created the vision and foundation for actions which have produced the near-term financial stability Bonneville now enjoys while the wholesale electricity market continues to become increasingly competitive. We believe our ongoing strategic planning activities will produce long-term benefits as well.

First, I will discuss the role of the Bonneville, in the U.S. Department of Energy Strategic Plan: Providing America with Energy Security, National Security, Environmental Quality, and Science Leadership. Next, I will discuss Bonneville's strategic planning efforts including our agency's purpose and the Strategic Business Objectives (SBOs) we have adopted to succeed in the

[1] It can be argued that the Congress expected that unique consideration would be given to the power marketing agencies under this Act. The legislative history of the Government Performance Results Act, Senate Report No. 103-58 at P. 27 (1993) states: "Several Federal agencies such as the Tennessee Valley Authority have statutorily been afforded a greater degree of autonomy in conducting and administering their business operations that have other agencies. The requirements of this Act that Executive agencies submit strategic plans and annual performance plans to OMB is not meant to diminish such autonomy. Rather, this is simply a reflection of the requirement placed on OMB to develop annually a Federal government performance plan, based on the agencies performance plans. In preparing the Federal Government performance plan, the Committee expects OMB to make allowances, as appropriate, for the greater degree of autonomy of TVA and similar agencies. This legislation is not intended to alter in any way the statutory authority of TVA or any other agency to plan or conduct its operations. Moreover, as the Committee has stressed, performance measurement under this Act should focus on those measures and that information useful to and used by program managers. Such an emphasis very much relies on a bottom-up approach, rather than top-down imposition. This premise is particularly valid for those agencies with significant autonomy for their business operations."

transition from regulation to competition. Finally, I will present a summary of the performance indicators we have put in place to ensure accurate and timely measurement of our progress toward achieving results, including some recent examples of our success.

Role of the Power Marketing Agencies in Department of Energy's Strategic Plan

As a Cabinet-level Department subject to the GPRA, the Department is currently engaged in a significant effort to chart its strategic plan. Under the GPRA, each Cabinet level department, independent agency, and government corporation is to develop a strategic plan addressing its mission, long-term goals, and strategies for achieving those goals. Through consultation, the plans are to reflect the considerations of Congress as well as the views of other stakeholders.

The Department's plan encompasses numerous critical responsibilities and activities, including energy resources, national security, environmental quality, and science and technology. As an important element of the Department's energy resources program, the Power Marketing Administrations (PMA's), including Bonneville, have worked closely together to specify program performance plans and measurement. Programmatic performance measures called for by the GPRA in the Department's Draft Strategic Plan address the PMAs' responsibility to promote the safety and reliability of electric utility systems. Both the FY 1998 Bonneville Congressional Budget Request and the FY 1998 Department of Energy Congressional Budget Request Budget Highlights and Performance Plan specified Bonneville's strategic business objectives and their associated performance measures.

Bonneville fully understands the importance of promoting a safe and reliable electric utility systems and is an active participant in these efforts. Our 1997 performance indicators, which are being actively measured, reflect several initiatives in this area. First, Bonneville set a goal of having no more than four unplanned outages at 94 percent of the points of delivery. The points of delivery target suffered during the first quarter of FY 1997 because of severe weather. The good news, however, is that the second quarter was the best in six years and there is a good chance of meeting this target. Second, Bonneville set a target of keeping recordable injuries to

2.5 per 100 full time employees. This target represents about half of the industry average. To date, the recordable injury rate is 1.2 per 100 employees, which is an improvement over last year. Finally, Bonneville set a target of avoiding a major outage on the alternating-current (AC) intertie. Bonneville has been working diligently to increase intertie transfer while ensuring the AC intertie does not suffer an outage. The work includes clearing tress and bushes, adding shunt capacitors, reconductoring lines, reinforcing remedial action plans and conducting numerous planning studies.

Bonneville's Mission and Strategic Business Objectives

Over the past year, Bonneville has reaffirmed the fundamental value and role the agency plays in delivering public responsibilities. As suggested in the GPRA, Bonneville has adopted a clear statement of purpose: -- "To meet our public responsibilities through commercially successful businesses." Bonneville's unique character is based on the concept that we can only deliver on those public responsibilities -- for example, widespread use of the federal power, environmental mitigation, energy efficiency and renewable resource development -- if we succeed commercially. This is essential to understanding Bonneville's overall direction and role in the future. Commercial success in the market is not our goal; it is the mechanism for achieving our statutory public responsibilities.

In 1995, Bonneville published its Business Plan which integrates a number of initiatives the agency has taken to achieve commercial success in a deregulated market. The plan shows how all the elements fit together to make Bonneville competitive so that it can continue to fulfill its public mission in a rapidly changing utility market. It sets policy direction for Bonneville's pricing, power marketing, transmission, energy efficiency, and fish and wildlife activities.

Bonneville developed the Business Plan through many months of discussions with public and private utilities, federal agencies, state and local governments, Northwest Indian Tribes, public interest groups, and members of the general public. Public comment on the Draft Business Plan, Draft Environmental Impact Statement, and Supplemental Draft Environmental Impact

Statement helped Bonneville shape and improve its plans to better meet customer and stakeholder concerns.

Through this process, Bonneville identified seven Strategic Business Objectives. The Strategic Business Objectives are interrelated and derive directly from our public responsibilities identified in Federal statutes. They are written to withstand the test of time and to serve as guides for our actions and decisions at all levels of the agency. Every project, every individual action, every issue is tested for consistency with the Strategic Business Objectives and our agency's purpose.

Objective 1: *Achieve high and continually improving customer satisfaction.* Customer satisfaction has always been Bonneville's objective, but intense competition requires a renewed focus on achieving extremely high customer satisfaction. In today's utility industry, Bonneville's customers have numerous alternative choices. Bonneville must compete for them. We can no longer rely on an inherent price advantage.

Objective 2: *Increase the value of our business and share the expanded benefits.* Bonneville is more than a business. Bonneville has statutory based public responsibilities including mitigation and enhancement of fish and wildlife, assuring high system reliability, promotion of energy efficiency and renewable resources, and public involvement. Market success gives Bonneville the financial strength necessary to achieve these mandates. Quality products and services are necessary to attract and keep customers so Bonneville can recover its total system costs of its public responsibilities.

Objective 3: *Be the lowest-cost producer of power and transmission services.* The realities of an increasingly competitive marketplace make low-cost production essential to Bonneville's future. Cost control is vital, but being lowest-cost producer also means optimizing the use of all assets and using competition among suppliers to keep costs down.

Objective 4: *Achieve and maintain financial integrity.* Financial integrity includes assuring full and timely payments to Treasury and other creditors; recovering all costs over time; maintaining

economic access to capital, and providing high quality and timely financial information to Bonneville managers and other interested parties. Bonneville has been well served by its strategic planning. At the end of fiscal year 1996, Bonneville completed its 13th consecutive planned Treasury payment. We are well positioned to make this year's Treasury payment as well.

Objective 5: *Keep the power system safe and reliable.* Bonneville has an exemplary record of safety and reliability. Continuing this record is a key to Bonneville's success.

Objective 6: *Invest in environmental results to sustain competitiveness.* Bonneville is committed to the integrity of the region's environmental and natural resources because protection of these resources is federally mandated, essential to the quality of life in the Northwest, and because strategic environmental effectiveness helps make Bonneville a more attractive power supplier.

Objective 7: *Transform Bonneville into a high-performing, business-oriented organization.* Business strategy charts the course for an organization, but Bonneville recognizes that it's employees -- enabled by structure, systems, process and culture -- achieve the results. Bonneville is committed to developing a work environment that strongly promotes the strategic business objectives and provides employees with a high sense of work satisfaction.

Bonneville's seven Strategic Business Objectives provide a focus on the fundamentals of performance and unity of purpose. The development of such objectives is consistent with requirements of GRPA. They are the tools to guide us though a rapidly changing, restructured electric power industry. They have served us well since the early 1990's, providing a touchstone for every action. They remain as fundamental and important today as when they were adopted.

Bonneville's Performance Indicators

Consistent with GPRA, Bonneville translated its Strategic Business Objectives into annual targets with measurable results for the Power and Transmission Business Lines, Energy Efficiency Group and Corporate Group. Specifically, the targets:

- create greater clarity about the agency's direction by translating long-term strategic business objectives into near-term results;
- translate abstract guidelines into concrete program results to be achieved;
- are specific, of short duration, become the basis for measuring progress and providing accountability; and
- focus the agency on a near-term cohesive direction, contributing to a unity of purpose.

For FY 1997, Bonneville established four key target areas: customer satisfaction, finance, public responsibilities, high performing organization. Midway through the fiscal year, indications are that we expect to succeed in most target areas. We do expect some or all of them to change from year to year as we achieve one set of targets and progress to a new set.

Bonneville would like to share with the Subcommittee our progress to date.

Achieve High and Continually Improving Customer Satisfaction:

- When Bonneville first established Strategic Business Objectives, it became apparent that our commercial success dictated the funds and flexibility we would have to meet our public responsibilities. Customer satisfaction is a key indicator of potential commercial success. Initially, we set ourselves the goal of moving from luke warm customer satisfaction to a measurable goal of 75 percent satisfied. We failed. In 1996, Bonneville's customer survey showed 54 percent of the customers satisfied with our agency, including 9 percent that were extremely satisfied. We learned that major movement required targeted effort to simplify our contracts, decrease our response times, and improve the processes that supported our account

executives. For 1997 we set our target at a more modest 65 percent satisfied. The results of this year's customer satisfaction survey are now available. Overall, they show we exceeded far beyond our expectations, with 72 percent of Bonneville customers satisfied., including 19 percent that are extremely satisfied. Bonneville has seen improvements in customer satisfaction, but we still have a long way to go. No commercial enterprise would feel comfortable with only 75 percent of its customers feeling OK about doing business with them. We will continue to set increasingly challenging goals and use strategic planning to become more clearly focused on the changing customer needs we must satisfy to a high degree as power markets continue to change.

Finance:

- To meet the market, over the past three years, Bonneville has taken significant actions to reshape the agency. After extensive cost cutting, reorganization, and downsizing, Bonneville initiated a 13 percent rate reduction that will be effective through fiscal year (FY) 2001. Cost cutting and downsizing made an enormous contribution to rate reduction and maintaining a competitive position. Three major cost cutting efforts since 1995 have reduced our projected expenditures by an average of $600 million annually relative to the FY 1995 Congressional Budget. We have also met our target of reducing Federal and contractor staff levels by more than 1,000 positions. While our initial cost cutting targets have been met, we are now working on further reductions in order to continue to meet the market.

- Bonneville ended FY 1996 with financial reserves of $278 million. Due to cost reductions, as well as a favorable water year, Bonneville was able to maintain an adequate financial reserve balance despite increased costs for legal settlements related to long-term power purchase contracts and lower revenues due to customer diversification to other power suppliers.

- Bonneville worked closely with customers during 1996 to achieve a commitment to future power services. This load commitment effort yielded about $982 million annually in priority

firm (PF) equivalent revenues, based on equivalent sales of 4,598 average megawatts (including Diversification Fees).

Public Responsibilities:

- Fish and wildlife investments are consistent with the Memorandum of Agreement reached with regional and other federal partners reflecting an annual average of $252 million plus operations.

- The goal for the 1996 Constituent and Tribal Satisfaction was to achieve 60 percent overall satisfaction. As this target was met, the target for FY 1997 is increased to a satisfaction rating of 70 percent. Results of this year's survey are expected later this month.

High Performing Organization

- Bonneville set a target that tests employee understanding of the agency's purpose and business direction. In today's fast moving competitive environment, a greater premium will be placed on responsiveness and flexibility. A high performing workforce will be one where employees think creatively on their own, employ initiative, and make timely decisions. An employee survey will measure progress in this area. The target is 75 percent of employees and 100 percent of managers fully understand the business. Results will be known later this summer.

Currently, we are expanding our target setting effort to take a view toward the longer-term through FY 2003, including contingency plans for unexpected outcomes. Taking the long-term perspective allows us to more clearly link our near-objectives to our long-term strategic plans.

Congressional Involvement

While Bonneville has put considerable effort into its strategic planning effort, the opportunity remains for increased involvement of the Congress. Bonneville has spent considerable time in the last year seeking to keep this Committee involved in key strategic issues as they arise. We

look forward, Mr. Chairman, to working closely with you in the development and implementation of our strategic plans.

Conclusion

Mr. Chairman, Bonneville fully supports the objectives and spirit of the GPRA. We have initiated significant changes to reshape Bonneville and define the agency's mission, long-term goals, and strategies for achieving those goals. Maintaining a safe and reliable Northwest power grid is critical to our mission and maintaining a competitive position. We have set ambitious and measurable performance targets for all of our program functions, and are making significant progress towards meeting each of these targets. The actions we have taken will help to assure that we achieve competitive rates and protect and recover the investment of the Federal taxpayer.

We again commend this Subcommittee for its continued focus on the public and economic impacts of a new, more competitive electric utility industry. The next five years will be critical for Bonneville. Decisions about Bonneville power and transmission will impact the Northwest economy, funding for environmental protection, and repayment of the Federal and non-Federal investment. The Subcommittee's attention and support are essential as we work together to address these challenges.

This concludes my formal statement. I would be pleased to address any questions you may have.

MR. MICHAEL DEIHL

Mr. Chairman and Subcommittee members, I appreciate the opportunity to testify on our involvement with the draft 1997 Department of Energy strategic plan and to discuss Southwestern's own strategic planning process. Southwestern, as an agency within the Department of Energy, has participated in DOE's efforts to modify their strategic plan in response to the requirements of the Government Performance and Results Act of 1993 (GPRA). Our internal planning processes have been in place for many years and work hand-in-hand with the Department's strategic planning process. I will begin my statement with some background on Southwestern Power Administration (Southwestern).

Southwestern fulfills requirements of Section 5 of the Flood Control Act of 1944 by marketing and delivering hydroelectric power in a six-state regional area from 24 multi-purpose Federal power projects operated by the U.S. Army Corps of Engineers; by operating a reliable, efficient, and safe transmission system; by recovering the Federal power system investment plus interest and operating costs; and by encouraging energy efficiency for the benefit of the region.

Southwestern Strategic Plan:
Southwestern supports these special responsibilities in a comprehensive strategic plan unique to its operation in the Central Southwest. Strategic planning has been incorporated by Southwestern for a number of years, dating back to 1946 when the first Southwestern strategic plan was put in place.

In 1991 Southwestern revised and published a comprehensive strategic plan with goals, objectives, and strategies that defined Southwestern's priorities and responsibilities in accomplishing its basic mission. Southwestern has reviewed and updated its strategic plan twice, most recently in 1996.

Southwestern has used various ways to assess its overall operating results. Annual repayment studies, annual audited statements, and annual reports are used for obtaining such general assessments. However, to assure more accurate assessment, it was necessary to break the program down into smaller units measuring outcomes, not outputs. Hence, Southwestern has broken it's program into the following units 1) customer's satisfaction; 2) work environment; 3) public trust; 4) system reliability; 5) financial stability. With these five units there are ten related performance indicators determining outcomes, which are reviewed annually. These results are currently reflected in Southwestern's FY 1998 budget submission and will be reported in future annual reports.

Southwestern has redesigned its performance awards program to refocus incentives from the individual to the organizational effort. Our new awards program, AIM (Achievement, Improvement, Measurement), allows us to reward individuals for their team effort, when the organization obtains the annually established goals that are verified by the measurement of the related outcomes.

In concert with its strategic planning and performance measures programs, Southwestern continues to streamline the organization into the twenty-first century by lowering overhead costs,

decreasing number of supervisors, reducing both Federal and contractor staffing levels through attrition, and improving work processes. These efforts will create a Southwestern that is more efficient and productive in the new environment of the competitive electric utility industry.

Congressional and Customer Involvement:
All of Southwestern's planning processes have involved interested parties, including customers and the affected public. Open involvement of this nature will continue as Southwestern makes modifications to their future strategic plans and processes in response to the ever changing environment. Southwestern staff have been working closely with your Subcommittee staff and have provided supplemental information on existing plans and activities that coincidentally match many of the critical elements of GPRA. We look forward to continuing this working relationship to assist the Subcommittee in any way possible.

Southwestern believes in the intent of the GPRA which is to make the Federal manager accountable and responsible for the taxpayer dollars supporting its program. Southwestern will continue to support GPRA through the Department's Strategic Plan.

Mr. Chairman, this concludes my remarks. If you or other members of the Subcommittee have any questions, I would be pleased to answer them at this time.

MR. J. M. SHAFER

Mr. Chairman, I appreciate the opportunity to testify before your Subcommittee today on Western Area Power Administration's (Western's) strategic planning efforts and our involvement in the Department of Energy's draft strategic plan. The Department is currently engaged in a significant effort to update its strategic plan in response to the Government Performance and Results Act of 1993 (GPRA).

My statement will focus on Western's strategic planning efforts that are consistent with the spirit of the GPRA. I will also discuss how Western's efforts are consistent with the Department of Energy's draft strategic plan, and our role in the Departments efforts to comply with the GPRA.

Role of the Power Marketing Administration in the Department of Energy's Strategic Plan

Under the GPRA, each Cabinet level Department, independent agency, and government corporation is to develop a strategic plan addressing its mission, long-term goals, and strategies for achieving those goals. Through consultation, the plans are to reflect the considerations of Congress as well as the views of other stakeholders. As an agency within the Department of Energy, Western is participating in the Department of Energy's strategic planning process.

The Department's plan encompasses numerous critical responsibilities and activities, including energy resources, national security, environmental quality, and science and technology. As an important element of the Department's energy resources program, the power marketing administrations have worked closely together to specify program performance plans and measurements.

As part of this process, the power marketing administrations (PMAs) are included in the Energy Resources business line of DOE's Draft Strategic Plan. This DOE business line has a proposed goal of developing and promoting a sustainable, secure, and competitive energy systems that minimize impacts on the U.S. and the global environment. This goal fits well with the PMAs mission and unique role in marketing hydropower from the multipurpose Federal hydropower projects.

Following Congressional committee briefings, the Department's draft strategic plan was made available to the Congress and public on June 16th. The Department is presently collecting comments from within the Department, the Congress, other Federal agencies, the OMB, and other interested customers and stakeholders. In late July, these comments will be consolidated into an updated draft strategic plan and additional Congressional briefings provided.

Western's Strategic Planning Efforts

Western has understood the value of strategic planning for many years. The planning process for Western's first formal strategic plan commenced in November of 1993. After receiving feedback from customers, employees, tribal governments, and many additional interested stakeholders, Western's first formal strategic plan was published in September of 1994.

In February of 1995, an effort was undertaken to transform Western's organization structure in response to the competitive pressures within the utility industry and the need to make Western more responsive and efficient. The goal of Western's effort was to determine the staffing level

and the organization structure that best suit Western's business strategy as defined in the strategic plan. Following an intensive involvement process with customers, employees, other Federal and state agencies, Congress, employee unions, and other stakeholders, a plan to transform Western was completed in October of 1995. Implementation of this plan has been ongoing and scheduled for completion in June of 1998. When the new Western organizational structure is fully implemented, we will have 25% fewer employees and estimated savings in annual operating costs of over 20% compared to the 1995 level.

In recognition of the need to continuously update our strategic direction, Western's senior management developed a revised strategic plan in October of 1996. This plan identified nine goals dealing with such key issues as people, partnerships, resources, costs and industry change. New to the revised plan is our focus on cultural change and leadership. Another new element was the establishment of measurements to gauge our progress in achieving the goals Western has adopted.

Western has been measuring its performance for many years, and we continue to look for new and meaningful ways of accomplishing this. Financial performance indicators have been calculated and displayed in Western's annual report since 1992. Almost all of these performance indicators are based upon those that are generally used within the utility industry, so Western can compare its efforts with those of others to identify areas of strength as well as areas where our performance needs to be improved.

A Western bonus goals program has been in effect since 1995. In 1997, every Federal employee within Western is eligible for a cash bonus if we meet or exceed defined "hard targets" for safety, reliability and cost containment.

Recently, Western adopted seven key measures to assess the organization's overall health. These key measures will focus on longer-term trends using historical data. Both our performance on these key measures and the measurement of our progress towards our strategic goals will be regularly communicated to employees to align the workforce with our strategic direction and to keep the importance of goal attainment visible. We have instituted a bench marking and performance measurement effort within Western so we can compare our work processes with those of other Federal agencies and the best run private sector organizations to continually improve the way we carry out our business.

To carry out our responsibility to repay the U. S. Treasury for the costs of generating and transmitting power, Western develops power repayment studies annually to assure that our rates are adequate to meet established repayment criteria. In effect, these studies continuously measure our success in repaying the annual costs as well as the Federal power and transmission investment with interest.

Due largely to the increasingly competitive nature of the electrical utility industry, the cost of power continues to decline in our service territory. The marketplace is the ultimate measure of our ability to operate in an efficient and cost effective manner. If our rates are not competitive,

we will be unable to market our power and transmission services which will result in the loss of the ability to repay the Federal investment.

Congressional Involvement

In order to assure that the strategic planning efforts of the power marketing administrations are clear, supplemental information has been developed and provided to Subcommittee staff. This more specific strategic planning information and associated performance measurement data is designed to assist the Subcommittee in the exercise of its oversight responsibilities. We look forward to working closely with you, Mr. Chairman, in the development and implementation of our strategic plans.

Mr. Chairman, this concludes my remarks. If you or other members of the Subcommittee have any questions, I would be pleased to answer them.

United States General Accounting Office

GAO

Testimony

Before the House Committee on Resources,
Subcommittee on Water and Power,
House of Representatives

For release
on Delivery
Expected at
2 p.m. EDT
Thursday
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RESULTS ACT

Comments on Selected Aspects of the Draft Strategic Plans of the Departments of Energy and the Interior

Statement of Susan D. Kladiva,
Acting Associate Director,
Energy, Resources, and Science Issues,
Resources, Community, and Economic
Development Division

GAO/T-RCED-97-213

Mr. Chairman and Members of the Subcommittee:

Thank you for your invitation to testify this afternoon. I am pleased to participate in this Subcommittee's review of the efforts of the subagencies of the Department of the Interior and the Department of Energy that you oversee to comply with the requirements of the Government Performance and Results Act of 1993, which is referred to as the Results Act. As you know, a primary purpose of the Results Act is to improve federal program effectiveness and accountability by promoting a new focus on results, service quality, and customer satisfaction. As agreed, I will comment on the overall quality of the draft strategic plans of Energy and the Interior. With regard to Energy, I will also comment on the draft plan as it relates to Power Marketing Administrations (PMA), specifically addressing whether it addresses the cross-cutting nature of their activities. With regard to Interior's draft plan, I will focus on three key areas as they relate to the Bureau of Reclamation and the U.S. Geological Survey. Those areas involve Reclamation's mission statement, the coordination of cross-cutting program activities in Reclamation and Geological Survey, and concerns about the data and information management systems in both of these Interior subagencies. For the purposes of this testimony, we consider Interior's draft strategic plan to be a combination of the Department-wide strategic overview and the included subagency draft plans.

In summary, our principal points are the following:

While the Department of Energy has made progress in developing its draft strategic plan, the draft plan is still incomplete and does not fully meet the requirements of the Results Act. The Department of Energy has developed a draft strategic plan that is appropriately focused on a Department-wide mission that transcend the interests of individual programs. Accordingly, the document barely mentions PMAs specifically. However, of particular concern to this Subcommittee, it does not identify programs and activities, such as those of PMAs, that are crosscutting or similar to those of other agencies. The function of the PMAs to market electricity relates to the functions of Reclamation and the U.S. Army Corps of Engineers, which produce the electricity that the PMAs market. However, the draft plan does not recognize that the achievement of Energy's strategic goals will depend, in part, upon its coordination with these agencies. To assure that the PMAs, Reclamation, and the Corps of Engineers are all moving toward mutually reinforcing goals and objectives, we believe it is important for Energy to address the coordination issue in its plan.

A significant amount of work still needs to be done before Interior's draft strategic plan can fulfill the requirements of the Results Act. Since programs within Interior are carried out primarily through eight major autonomous subagencies, the Department chose to implement the Act by developing a draft plan overview for the Department as a whole and requiring each of the subagencies to develop its own plans. I would like to focus on three key areas of Interior's draft plan. First, although Reclamation's mission statement is comprehensive and covers its major responsibilities, this Subcommittee and Reclamation

disagree about its basic mission–which is the foundation of the draft plan. The consultation process provides an ideal opportunity to address such issues. Second, as with Energy, Interior's plan generally does not identify programs and activities that are crosscutting or similar to those of other subagencies nor does it indicate that coordination has occurred. For example, both Reclamation and Geological Survey, as well as other agencies such as the Environmental Protection Agency, address environmental water quality issues. However, there is no indication of any coordination of these plans to address the issues of duplication and overlap. Third, management of the information needed to track and measure performance against goals is in need of attention. Interior's Inspector General's reports on Reclamation and the Geological Survey have identified uncorrected accounting and internal control difficulties that have implications for implementation of the Results Act.

BACKGROUND

As a starting point, the Results Act requires virtually every executive agency to develop a strategic plan covering at least 5 years. The plans are required to contain six major elements. They are (1) a comprehensive mission statement; (2) agency-wide long-term goals and objectives for all major functions and operations; (3) approaches (or strategies) and the various resources needed to achieve the goals and objectives; (4) the relationship between the long-term goals and objectives and the annual performance goals; (5) an identification of key factors, external to the agency and beyond its control, that could significantly affect achievement of the strategic goals; and (6) a description of how program evaluations were used to establish or revise strategic goals and a schedule for future program evaluations. In developing their plans, agencies are required to consult with the Congress and to solicit the views of other stakeholders. In preparation for meeting these requirements, executive agencies have been preparing their plans and submitting drafts to the Congress as a basis for consultation.

Our comments are based on the most recent draft strategic plans provided to the House of Representatives staff team working with them.[1] The comments are also based on our past and ongoing work at the various agencies. This testimony is based on recent work done at the request of the House leadership. Reports on that work are expected to be released next month.

It is important to recognize that the final draft strategic plans are not due to the Congress and the Office of Management and Budget until September 1997. Furthermore, the Results Act anticipated that it may take several planning cycles to perfect the process

[1]The June 16, 1997, draft plan from the Department of Energy and the draft from the Department of the Interior available to the Congress as of June 18, 1977, including the April 9, 1997, draft from Reclamation and the June 6, 1997, draft from the Geological Survey.

and that the final plans would be continually refined as future planning cycles occur. Thus, our comments reflect a snapshot of the plans at this time, and are intended to provide some insights that may help this Subcommittee and the agencies work together to successfully implement the Results Act.

DEPARTMENT OF ENERGY'S DRAFT STRATEGIC PLAN

Generally speaking, while the Department of Energy has made progress in developing its draft strategic plan, it is still incomplete and does not fully meet the requirements of the Results Act. Energy's draft plan appropriately focuses on a Department-wide mission that transcend the interests of individual programs. Energy's mission statement provides a short overarching statement, but the substance of its functions is described by what it calls four business lines. These are energy resources, national security, environmental quality, and science and technology. Energy's draft plan also includes a section on corporate management, which cuts across the business lines.

However, of particular concern to this Subcommittee, the draft plan does not identify programs and activities that are crosscutting or similar to those of other agencies, such as those of Energy's Power Marketing Administrations. Although Energy is sharing its draft plan with other federal agencies for coordination, it believes its functions are unique. On the basis of our work, however, we believe that Energy's four broad business lines do involve or overlap those of other agencies.

For example, in the energy resources area, the PMAs market electricity that is generated by the Bureau of Reclamation and the Corps of Engineers. The strategic goal for energy resources focuses on developing and promoting sustainable, secure, and competitive energy systems. One of the specific strategies for achieving this goal is to promote the safety and reliability of the energy utility systems. Energy included performance measures in the plan, one of which relates directly to the activities of the PMAs--minimizing the amount of time that the federal transmission system is inoperable and operating it in a manner that significantly exceeds performance standards.[2] Because the PMAs do not control the generation of electricity, they cannot achieve their goal without close coordination with Reclamation and the Corps of Engineers. It is important for Energy to address this coordination issue in its plan to ensure that program efforts are mutually reinforcing.

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[2]Although the Results Act does not require performance measures in the strategic plan, DOE has included a number of them it its draft plan.

DEPARTMENT OF THE INTERIOR'S DRAFT STRATEGIC PLAN

A significant amount of work still needs to be done before Interior's draft strategic plan can fulfill the requirements of the Results Act. Since programs within Interior are carried out primarily through eight major decentralized subagencies, the Department chose to implement the Results Act by preparing a draft plan overview for the Department as a whole and requiring that each of its subagencies develop their own plans. The eight major subagencies within Interior include the Bureau of Reclamation, the U.S. Geological Survey, the Bureau of Land Management, the Minerals Management Service, the Office of Surface Mining, the Fish and Wildlife Service, the National Park Service, and the Bureau of Indian Affairs. In addition to providing the broad framework for the Department, the Interior-wide draft plan is to provide linkage between the departmental level and the individual subagency plans.

Although the draft plans of some subagencies address all six required elements, Interior's draft plan cannot be considered complete because half of the subagency draft plans are missing certain elements. In addition, the plan does not include clear linkages between the subagencies' goals and objectives and those of the Department, as well as across the subagencies. Furthermore, even the subagency draft plans that include all of the elements need further work and development in several areas. For example, although Reclamation and Geological Survey included all six elements in their plans, most of Reclamation's and half of Geological Survey's elements could be further developed and clarified. For example, some of Reclamation's long-term goals and objectives are not expressed in outcome-oriented terms and require subjective determinations of achievement. Similarly, the objectives and performance measures contained in the Geological Survey's draft plan are generally focused more on outputs than on results-oriented outcomes. This fails to meet an important objective of the Results Act, which is to provide for more objective measurements of program success or failure. We are providing detailed comments on Reclamation's and Geological Survey's draft plans in attached appendixes.

Bureau of Reclamation's Missions

This Subcommittee's May 29, 1997, letter to the Commissioner of Reclamation expressed several concerns about Reclamation's draft strategic plan, including the appropriate missions, goals, and objectives. For example, you noted that Reclamation seems to be abandoning its original mission of developing water resources in favor of managing water resources. You questioned whether Reclamation is the appropriate agency to be carrying out the activities related to this management mission. You also questioned Reclamation's foregoing its mission to maintain facilities constructed by Reclamatión and held in title by the United States in light of its statement that it is no longer seeking Congressional appropriations to replace, rehabilitate, or renovate facilities related to the reimbursable functions of a project. Reclamation was established in 1902, and its role as a water resource agency has evolved and changed over the years. Its

present-day mission is a legitimate and suitable subject for negotiation. It is the basic premise from which the remainder of the strategic plan flows. The Results Act consultation process provides an ideal framework for discussing such issues.

Cross-cutting program activities

Interior's draft plan provides little evidence of coordination. The plan does not address how Reclamation or the Geological Survey will coordinate crosscutting programs with the other Interior agencies or agencies outside of Interior to support its overall goals. Crosscutting program efforts present the logical need to coordinate efforts to ensure that goals are consistent and, as appropriate, that program efforts are mutually reinforcing. We have found that when this is not done, overlap and duplication can undermine efforts to establish clear missions and goals. Crosscutting issues arise in several Interior programs. For example:

- Environmental protection and remediation programs. Reclamation's draft strategic plan addresses reducing, on a site-specific basis, sources of pollution that impact water quality, and the Geological Survey's plan addresses water quality studies. The Environmental Protection Agency and the Department of Energy also have environmental protection objectives related to water quality, but these are not mentioned.

- Indian programs. Most Interior agencies, including Reclamation and Geological Survey, have a role in helping Interior carry out its trust responsibility to American Indians and tribes. For example, Reclamation is responsible for constructing and operating water, irrigation, and power facilities for American Indians and tribes. Yet, the draft plan contains no discussion of coordination with Interior's Bureau of Indian Affairs.

- Recreation programs. Reclamation manages programs that provide recreational opportunities for the public, as does other Interior agencies, such as the Bureau of Land Management and the National Park Service, and agencies outside of Interior, such as the Forest Service. Again, coordination is not discussed in the Reclamation draft plan.

Data and Information Management Systems

The fiscal year 1996 financial statement audit reports of the Department of the Interior's Inspector General identified certain uncorrected accounting and internal control weaknesses which, if left uncorrected, will present difficulties for the implementation of the Results Act. For example, the Geological Survey audit identified problems in accounting for the costs of projects, while the Inspector General cited open recommendations on project cost allocations dating back to the early 1990s which Reclamation has yet to fully implement.

Furthermore, Interior's draft plan does not yet address how financial information will be used to support the measurement of strategic goals. Identifying performance measures and ensuring the development of reliable financial and program performance information will be major challenges for Interior and its subagencies.

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In summary, both the Departments of Energy and the Interior have made progress toward meeting the requirements of the Results Act. The continuing consultation process provides the opportunity for this Subcommittee to ensure that the agencies' priorities are consistent with those of the Congress and that the functions are complementary and not unnecessarily duplicative.

Mr. Chairman, this concludes our prepared statement, which has highlighted the aspects of the draft strategic plans that we believe are of particular interest to you. We will be pleased to answer any questions that you or Members of the Subcommittee may have.

BUREAU OF RECLAMATION

1. Six key elements envisioned by Results Act

The Bureau of Reclamation's draft strategic plan contains each of the six key elements that the Government Performance and Results Act envisions would be in a successful strategic plan. However, most of the elements need further development and clarity.

Mission statement. The mission statement is comprehensive and covers the major responsibilities of Reclamation. However, as presented in our testimony, the missions are not in line with the missions that this Subcommittee believes are appropriate.

Long-term goals and objectives. While the draft plan identifies general goals and objectives to be accomplished by Reclamation, many of them could be strengthened if they were expressed in more outcome-oriented terms. Of the 18 outcome goals identified in the draft plan, there are at least 5 that are difficult to categorize as outcome-oriented. For example, one of the outcome goals is to "manage the Nation's western water resources wisely for present and future generations." Stated in this manner makes a determination of whether or not this goal is ever achieved quite subjective. The goal could be improved to allow for a more objective measurement of program success or failure. Another one of the outcome goals calls for Reclamation to "assist Indian tribes to develop and manage their water resources for present and future generations." As stated, this goal appears to be more output-oriented than outcome-oriented since it focuses on process not results.

How goals are to be achieved. The draft plan contains a description of how the goals and objectives are to be achieved for each outcome goal. However, the discussion provided is general and does not include information on the level of resources needed to carry out the draft plan–human, capital, or information.

How the goals relate to performance plans. The draft plan describes how the Reclamation's strategic goals will be linked to annual performance plans as envisioned by the Results Act. However, it is not clear to us how progress toward many of the strategic goals identified in the draft plan are measurable. Specifically, it is not clear to us that progress against 30 of the 67 strategic goals identified in the draft plan can be measured. It is not clear how the annual performance plans that are linked to these 30 goals will be effective.

External factors. While the draft plan contains a listing of key uncontrollable factors that could impact the achievement of Reclamation's goals, there is no

assessment of these impacts. Without an assessment the Congress or Bureau management may not be able to determine the likelihood of achieving the strategic goals.

Program evaluation. The document contains a section labeled "program evaluation." However, it does not adequately address this aspect of the draft plan. For example, according to the Results Act, the plan is to address what program evaluations were used in establishing or revising the general goals and objectives identified in the plan. But, no such discussion is in the draft plan. Furthermore, a discussion of future program evaluation efforts–another requirement of the Results Act--is limited to an acknowledgement that Reclamation will engage its customers in discussions concerning their expectations and views with no discussion of how the comments will be used or evaluated or when this work will be done.

2. Key statutory authorities

The Reclamation draft plan reflects consideration of the key statutory provisions authorizing its activities and programs. However, it does not generally present clear linkages between the stated goals and objectives and the relevant major statutory responsibilities. For example, Reclamation's draft plan provides few linkages between the large number of outcome goals and 5-year strategic goals and its many different statutory authorities. The draft plan contains 18 outcome goals and over 60 5-year strategic goals, which contain few statutory references. The Results Act does not require a statement of major statutory responsibilities to be included within an agency's goals and objectives, but a concise discussion of major statutory provisions and their relationship to the goals and objectives in the draft strategic plan may facilitate a better understanding of the diversity of Reclamation's overall mission and goals.[1]

3. Interagency coordination for crosscutting programs

Reclamation's strategic plan does not address how it will coordinate crosscutting programs with other Interior subagencies. For example, Reclamation has responsibility that cuts across the following programs of other Interior subagencies.

- Environmental protection and remediation programs. Reclamation's draft plan addresses reducing, on a site-specific basis, sources of pollution that

[1]Office of Management and Budget Circular A-11 suggests that an agency's mission statement may include a brief discussion of the agency's enabling or authorizing legislation. This suggestion, however, does not extend to the statement of goals and objectives.

impact water quality; and the Geological Survey 's draft plan addresses water quality studies.

- Indian programs. Reclamation is responsible for constructing and operating water, irrigation, and power facilities for Indian tribes. The Bureau coordinates with the Bureau of Indian Affairs on water settlements.

- Land and natural resource management. Reclamation is responsible for water resource management. In this role, the Bureau is responsible for coordinating dam and dam safety programs with the Bureau of Land Management, Bureau of Indian Affairs, National Park Service, and the Fish and Wildlife Service. Furthermore, the Geological Survey performs studies, investigations, and mapping services related to land and natural resources that are relevant to Interior agencies that manage federal land and natural resources, including Reclamation, the Bureau of Land Management, the Fish and Wildlife Service, and the National Park Service. In addition, Reclamation's draft plan addresses natural resource management as a competing goal to its program for providing water and power to Western states, communities, and tribes; but it does not say how it will measure achievement of these competing goals.

- Recreation programs. Reclamation manages programs that provide numerous recreational opportunities for the public as does other agencies in Interior, such as the Bureau of Land Management and the National Park Service.

In addition, the draft plan does not discuss how Reclamation has coordinated with other federal agencies that have substantial responsibilities impacting on its activities. These include the Corps of Engineers, the Environmental Protection Agency, and the Power Marketing Administrations within the Department of Energy.

4. Data and information systems reliability

Interior's Office of Inspector General's fiscal year 1996 financial audit report for Reclamation identified the following system weaknesses that need to be corrected to ensure the reliability of Reclamation's information:

- Lack of a subsidiary accounting system for fixed assets and lack of periodic reconciliations of fixed-asset subsidiary records to the general ledger.

- Uncorrected problems in certain program cost allocations, which are needed to ensure the reliability of information on investments in program assets.

In addition, the Office of the Inspector General identified inadequate computer systems controls which result in a risk that financial data could be inappropriately manipulated.

U.S. GEOLOGICAL SURVEY

1. Six key elements envisioned by Results Act

The Geological Survey's draft plan discusses each of the six key elements that the Government Performance and Results Act envisions would be in a successful strategic plan. However, three of the elements are not adequately addressed--how the goals are to be achieved, the relationship between long-term goals and annual performance plans, and program evaluations.

Mission statement. The Geological Survey's draft plan contains a comprehensive mission statement, which is to "provide the Nation with reliable, impartial information to describe and understand the Earth." It then describes how the information is to be used. In combination, the mission statement and the additional explanation of how the information developed by the Geological Survey is to be used are results-oriented and cover the its major responsibilities.

Long-term goals and objectives. The draft plan discusses long-term goals and objectives that are logically related to the mission and generally expressed in measurable form. The draft plan expresses each of the Geological Survey's goals as "national goal/desired outcome" and identifies the role of the Geological Survey in providing information in support of that goal. However, the objectives and performance measures are generally focused more on outputs when they could have been strengthened by focusing more on results-oriented outcomes.[1] For example, one of the objectives/performance measures is to provide geological descriptions of a number of important aquifers by 2002.

How the goals are to be achieved. The Geological Survey's draft plan describes the approaches or strategies to achieve its goals and objectives as envisioned by the Results Act. However, this area of the draft plan needs further development since, among other things, it does not provide details concerning the resources (human, capital, or information) required to achieve the desired results. Also, the draft plan does not address what changes, if any, will be made to provide the Geological Survey's managers with the authority needed to implement the draft plan or how they will be held accountable.

One of the strategies involves customer service. The draft plan states that customer service and satisfaction is being incorporated into the overall strategic planning process as a critical component of the Geological Survey' business. It further

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[1]Although the Results Act does not require performance measures in the strategic plan, the Geological Survey included a number of them in its document.

states that various means of assessing customer service activities are ongoing in every Geological Survey program and cites examples. In addition, the Geological Survey has published a customer service plan focusing on improving the access to and delivery of existing Geological Survey information to customers. First issued in August 1994, it presents the Geological Survey's goals and objectives for customer service as well as customer service standards. A Geological Survey-wide team will review the goals, redefine standards, monitor and evaluate progress (including proactively obtaining feedback from customers), and track milestones and accomplishments.

Relationship between long-term goals and performance plans. The Geological Survey's draft plan describes the relationship between long-term goals and annual performance goals, including identifying key terms and performance measures that are generally measurable. The draft plan explicitly recognizes the need for a clear linkage between annual goals and the program activity structure listed in the budget. However, it does not identify whether any revisions will be needed to budget account and program activity structures to better link them with the objectives, goals, and activities discussed in the draft plan.

External factors. The draft plan identifies eight external factors--referred to as "driving forces"--that could significantly influence and create alternatives for the Geological Survey: devolution of federal government functions, new technologies, demographic changes, public investment in science, society's concept of "public good," economic versus environmental interests, global interdependence, and scarcity and management of natural resources. These factors appear to have been considered in developing the draft plan's goals and objectives. Although noting recent organization changes, such as the merger of the National Biological Service and downsizing, the draft plan does not explicitly identify how these external factors could affect achievement of the goals.

Program evaluations. The Geological Survey's draft plan identifies 33 prior evaluations and other documents that were used in establishing the goals for the subagency. The draft plan states a goal of conducting external peer reviews about every 5 years, combined with "more frequent" internal management reviews. Furthermore, it states that a list is being developed of several program-level evaluations that are planned for the next several years. However, the draft plan does not identify the key issues of the evaluations or how any findings may be used to improve performance.

2. Key statutory authorities

The Geological Survey's draft plan reflects consideration of the key statutory provisions authorizing its activities and programs. However, it does not generally present clear linkages between the stated goals and objectives and the Geological Survey' relevant major statutory responsibilities. The Results Act does not require a statement of major statutory responsibilities to be included within an agency's goals and objectives, but a concise discussion of major statutory provisions and their relationship to the goals and objectives in the draft strategic plan may facilitate a better understanding of the diversity of the Geological Survey's overall mission and goals.[2]

3. Interagency coordination for crosscutting programs

The Geological Survey's draft plan does not identify program areas that are similar to or have the same purposes as programs in other agencies. But, as we identified, the Geological Survey has crosscutting issues. In land and resource management, it performs studies, investigations, and mapping services related to land and natural resources that are relevant to Department of Interior agencies that manage federal land and natural resources, including Reclamation, the Bureau of Land Management, the Fish and Wildlife Service, and the National Park Service.

4. Data and information systems reliability

Interior's Office of Inspector General's financial audit report for fiscal year 1996 identified inadequate controls at the Geological Survey for proper recording of reimbursable program costs due to a project cost accounting system weakness. If uncorrected, this could impair the reliability of project cost information.

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[2]OMB Circular A-11 suggests that an agency's mission statement may include a brief discussion of the agency's enabling or authorizing legislation. This suggestion, however, does not extend to the statement of goals and objectives.

Honorable Eluid L. Martinez
Commissioner, Bureau of Reclamation

Hearing on
Compliance with the Government Performance and Results Act
before the
House Subcommittee on Water and Power Resources
July 17, 1997

Mr. Chairman and Members of the Subcommittee, thank you for the opportunity to provide testimony on the status of the Bureau of Reclamation's compliance with the Government Performance and Results Act (GPRA). I am pleased to address the points mentioned in your letter of invitation, as well as any other questions you may have.

Responsibilities of the Bureau of Reclamation

The Bureau of Reclamation is best known for the dams, reservoirs, powerplants, and canals the agency constructed to open the western states to homesteading and promote the economic development of the region. There are more than 1,400 pages of Reclamation law that guide the way Reclamation operates.

The Reclamation Act of 1902 granted the Secretary of the Interior the authority to study, locate and construct irrigation works; withdraw land from public entry for irrigation purposes thereby limiting homesteading, mining, mineral leasing and removal of timber, stone or gravel; sign contracts; limit acreage receiving project water; operate and maintain works; and purchase or condemn private property. The 1902 Act also required the Department to honor state law governing the control, appropriation, use and distribution of water.

Since 1902, the Federal Reclamation program has expanded to include a variety of non-irrigation project purposes. In 1906 and 1920, the Department was authorized to provide water for towns, for hydropower and for other purposes from Reclamation's irrigation projects. In 1939, Congress authorized Reclamation to construct multipurpose projects. In 1958, Reclamation was granted additional authority to participate in municipal and industrial water supply projects.

As Reclamation's authorities have expanded so have the Congressional environmental mandates. In 1969, Congress passed the National Environmental Policy Act which required all Federal agencies to consider environmental impacts before making decisions. In 1973, Congress enacted the Endangered Species Act which required Federal agencies to protect certain species and prohibited causing harm to these species.

In 1992, Public Law 102-575 authorized Reclamation to undertake a number of new initiatives.

For example, Title 16 authorized Reclamation to identify opportunities for the reuse of municipal, industrial, domestic, and agricultural wastewater, directed Reclamation to conduct specific water reuse studies, and authorized Reclamation to participate in the construction of several water reclamation and reuse projects. Title 34 set aside 800,000 acre feet water from the Central Valley Project specifically for the protection of fish and wildlife.

Today, Reclamation continues to operate in the 17 western states. Reclamation meets its historic mission of supplying agricultural water as well as providing water supply for a multitude of other purposes. Those purposes include: assisting urban areas to meet their water needs; furthering Native American and Tribal self-sufficiency; fostering fish and wildlife protection, endangered species recovery, recreation, and environmental enhancement and restoration; and minimizing the impacts of extremes (floods and drought).

Water once available to serve a population of 10 million people in 1902 must now serve a growing and relocating population of 80 million. Increased urbanization of the West has coincided with increased public concern for protecting and enhancing environmental resources and expanding water-dependent recreation opportunities. The contemporary challenges facing water resource agencies concern how best to manage the quantity and maintain the quality of finite water resources in a region experiencing population growth and demographic relocations, without impacting critical aquatic ecosystems adversely.

GPRA has provided Reclamation an opportunity to reexamine the role of the Federal government in meeting contemporary water needs in the west. Because water supplies are finite, Reclamation's actions are important in satisfying the broad range of competing uses. To address the increasing demand for water in the west, Reclamation is improving the management of water at its projects and working with communities to help them identify the most effective ways to manage their water resources. We are assisting communities in meeting their water supply needs through several other important initiatives as well: by providing technical assistance for water conservation and emphasizing activities that increase the efficiency of water use at Reclamation facilities, by demonstrating the benefits of water reclamation and reuse projects; and by facilitating transfers between willing sellers and buyers, subject to the requirements of state law. Where appropriate and in cooperation with States, Tribes, local and other entities, Reclamation will encourage the development of consensus-based structural and non-structural, economically justified and environmentally compatible water supplies.

Reclamation will continue to work with the Congress, other Federal agencies, States, Native Americans, local interests and the general public to meet water and related resource needs of the 21st century. In developing and implementing Reclamation's program, Reclamation takes into consideration the goals and objectives of States and others.

Consultation with Other Agencies and Involvement of Customers and Other Interested Groups

Mr. Chairman, Reclamation has taken its responsibilities under GPRA seriously. Compliance with GPRA continues to be an iterative process involving public and employee participation, meetings, briefings and discussions resulting in a series of drafts of Reclamation's Strategic Plan. As I appear here to day, Reclamation's Strategic Plan has evolved significantly since the beginning of this year based on the many comments Reclamation has received.

Reclamation published in the Federal Register on April 17, 1997, a notice of availability of the draft Strategic Plan. A copy of the draft plan was posted on the Internet, and is available on the World Wide Web via Reclamation's home page at Internet address www.usbr.gov.

Throughout the months of April and May, Reclamation held dozens of meetings and briefings with other Federal, State and local government agencies, water users, power users, Indian tribes, conservationists, academics and other stakeholders, customers and partners and their associated organizations across the West and in Washington, D.C. On May 2, 1997, Reclamation met with the Subcommittee staff to discuss an early draft of Reclamation's Strategic Plan.

Meetings occurred in diverse settings such as Sacramento, California; Bismarck, North Dakota; Denver, Colorado; Sidney, Montana; Lincoln, Nebraska, and Austin, Texas. In total, about 34 meetings were held in the states of California, Idaho, Oregon, Washington, New Mexico, Wyoming, North Dakota, South Dakota, Montana, Colorado, Nebraska, Oklahoma, Texas, Kansas, as well as Washington, D.C.

Following the six scheduled meetings in Washington, Reclamation decided to host additional regular monthly meetings in Washington with stakeholders and customers. The next such meeting is scheduled for July 23, 1997.

A broad cross section of Federal agencies including the Bureau of Land Management, Western Area Power Administration, and the U.S. Forest Service attended Reclamation's meetings. Other participants included state agencies such as the Arizona Department of Water Resources, water districts such as the Westlands Water District, and conservation organizations.

Reclamation received comments on the draft strategic plan from a variety of entities. Some were favorable. Others were critical. The process has been fruitful. Based on all the comments received to date, the draft plan has undergone significant changes. It is still a work in progress and has not yet undergone a final interagency review process.

Conclusion

Mr. Chairman, it is good to be here today to discuss GPRA in general, and the effect it is having on the future of Reclamation. As we prepare the Strategic Plan, we are continuing an effort that

Reclamation began in the late 1980s. Ten years ago, there was a hearing on the Bureau of Reclamation's Assessment '87, a document Reclamation staff prepared based on consultations with Congress and the general public, about Reclamation's future. Most of the issues that were important in 1987 remain crucial today.

Consider the following statements made by former Assistant Secretary James Ziglar before this Subcommittee on October 29, 1987:

> "The Assessment Team reached some very important conclusions. The overriding and most important was that the Bureau's original goal of reclaiming the West was relatively close to being accomplished in that there are very few opportunities left to build large dams, reservoirs, and that sort of thing. That is for a variety of reasons: Availability of sites, obviously, but perhaps more important, the impact of deficits; the changing agricultural economy, the change in demographics; and changes in public values."
>
> "However, the Bureau's generic mission, they found, of providing an adequate supply of quality water for the West is far from accomplished. To accomplish that broader mission the Bureau, they concluded, must change from a construction company mentality to a resource management type of agency. That does not mean, as they point out, that the Bureau of Reclamation is out of the construction business altogether, but that is simply only one part of their broader mission."

Mr. Chairman, I bring this historical reference to your attention to point out that the Bureau of Reclamation, Congress, and the general public have been grappling with the future of the Bureau of Reclamation for more than a decade through different Administrations. We look forward to continuing to work with you on this important issue.

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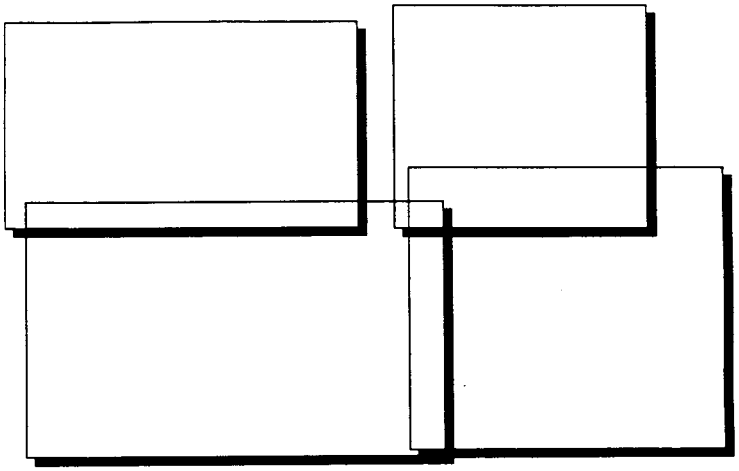
STRATEGIC PLAN 1997-2002



U.S. DEPARTMENT OF THE INTERIOR
BUREAU OF RECLAMATION

Revised July 15, 1997 (1:30 PM)

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The mission of the Bureau of Reclamation is to manage, develop, and protect water and related resources in an environmentally and economically sound manner in the interest of the American public

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BUREAU OF RECLAMATION STRATEGIC PLAN, 1997-2002

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Commissioner's Message

Compliance with the Government Performance and Results Act (GPRA) continues to be an iterative process involving public and employee participation, consultations with Congress, meetings, briefings and discussions resulting in a series of drafts of Reclamation's Strategic Plan. Accordingly, I am pleased to share with you this revised draft of the Bureau of Reclamation's 1997-2002 Strategic Plan. This plan has been prepared in compliance with GPRA, which was enacted to make Federal programs more effective and publicly accountable by targeting results and customer satisfaction.

The Bureau of Reclamation is known for the dams, reservoirs, powerplants, and canals it constructed to develop water resources and to open the West to homesteading. Since its inception, Reclamation has played a pivotal role in developing and managing water resources in the 17 western states. Over the years, its programs have evolved from emphasizing irrigation and power development to a broader range of water resource uses.

Today Reclamation meets its historic mission of supplying agricultural water as well as providing water supply for a multitude of public purposes. Those purposes include: serving water needs of urban populations; furthering Native American and Tribal self-sufficiency; fostering fish and wildlife protection; endangered species recovery; recreation; environmental enhancement and restoration; and minimizing the impacts of extremes (floods and drought). Reclamation accomplished all of this by: building dams, canals, and interbasin diversions; altering streamflow regimes; augmenting water supplies; and working with State and local entities to manage and distribute available water resources.

Water once available to serve a population of 10 million people in 1902, when the Reclamation program was established, must now serve a growing and relocating population of 80 million. Increased urbanization of the West has coincided with increased public concern for protecting and enhancing environmental resources and expanding water-dependent recreation opportunities. The contemporary challenges facing water resource agencies are to manage the quantity and maintain the quality of finite water resources in a region experiencing dramatic population growth, rapid demographic relocations, and impacts to critical aquatic ecosystems.

With increased emphasis on science and technology, water conservation, water reclamation and reuse, water transfers, and efficiency improvements, Reclamation will help meet the demands for reliable, quality water supplies. Where appropriate and in cooperation with States, Tribes, local and other entities, Reclamation will encourage development of consensus-based, structural and non-structural, economically justified, and environmentally compatible projects for new water supplies and improve the management of existing projects. In this way, Reclamation expects to assist in meeting growing demands among rural, Tribal, urban and environmental uses as well as sustain supplies to existing users today and into the next century.

Reclamation will promote water conservation and effectively maintain the infrastructure to meet both safety concerns and water delivery requirements. Reclamation will facilitate water transfers between willing sellers and buyers. Because water supplies are finite, Reclamation's actions will

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be important in satisfying the broad range of competing uses. Reclamation will continue to provide leadership and work with Congress, other Federal agencies, States, Tribes, local interests and the public to meet water and related resource needs of the 21st century. Reclamation will take into consideration the goals and objectives of States and others in developing and implementing its programs and activities.

Our thanks go to the great number of individuals and organizations across the country who helped us prepare this plan that will guide our activities into the next century. This revised version is an improvement over earlier drafts -- because we listened to you. We met with stakeholders and customers at the national and local levels, consulted with Congress, posted the draft plan on the world wide web, and notified the public via news releases and a Federal Register notice. Our employees also contributed significantly to this final version. It has been a valuable experience, and Reclamation is pleased to present to you its plan through 2002.

Eluid L. Martinez
Commissioner

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Reclamation Law and the West

In 1902 Congress established the Reclamation Fund from public land receipts in western States to be used in the examination and survey for and the construction and maintenance of irrigation works for the storage, diversion, and development of waters for the reclamation of arid and semiarid lands in those States. The Reclamation Act of 1902 granted the Secretary of the Interior authority to study, locate and construct irrigation works; withdraw lands from public entry for irrigation purposes, thereby limiting homesteading, mining, mineral leasing or removal of timber, stone or gravel; sign contracts; limit acreage receiving project water; operate and maintain works; and purchase or condemn private property. It required the Department of the Interior to honor state law governing the control, appropriation, use, or distribution of water.

Since 1902, the Bureau of Reclamation's authorities have ı expanded. In 1906 and 1920, Reclamation gained authority to provide water for town: 'ydropower and for other purposes. In 1939, Congress authorized Reclamation to construct ırpose projects, and overhauled the way contracts were written to repay the costs of constru. In 1958, additional authority for municipal and industrial water supply projects was create. At the same time, consideration of environmental and other values has been requires of Reclamation. In 1969, Congress required all Federal agencies to consider the environment in making decisions. In 1973, Congress enacted the Endangered Species Act, which requires Federal agencies to protect certain species and prohibits causing them harm. Today, specific "Reclamation Law" has grown to more than 1,400 pages. Most of that constitutes project specific directives and authorizations. Reclamation's authority derives from many different laws, general and specific, that directly and indirectly affect and direct Reclamation activities.

Reclamation's Role in the West

Through leadership, use of technical expertise, efficient operations, responsive customer service and the creativity of its employees, Reclamation continues to pursue its historic mission to manage, develop and protect the water resources of the West for economic, social, and environmental purposes. Over the past 95 years, the Reclamation program has emphasized development of safe and dependable water supplies and hydropower to foster settlement and economic growth in the West. Today, while maintaining its historic mission, Reclamation's contemporary responsibilities have grown to include such broad activities as managing water resources in the 1,400-mile Colorado River reach from the western slopes of Colorado to the U.S.-Mexico border; providing assistance in interstate compact administration; providing environmental restoration and multispecies conservation efforts; promoting efficient conjunctive and basinwide use of surface water and groundwater; increasing water supplies through reclamation and reuse; meeting growing municipal and industrial, domestic, and agricultural water demands, and improving watershed yields; fulfilling trust and other special obligations to Federally recognized Indian Tribes; finding structural and nonstructural approaches for improving the efficiency and effectiveness of project operations; improving hydropower efficiency and capability; conserving available water and energy supplies; enhancing recreation, fish, wildlife and environmental values; and providing better use of science and technology in managing resources.

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Reclamation's responsibilities also include technical and financial assistance associated with extreme weather conditions such as flood or drought.

Reclamation believes that there is a need and a unique role for the Federal government as a manager and facilitator for resolution of western water issues. There exist unique statutory and practical responsibilities in some areas, such as the Colorado River, where a combination of statutes, inter-state compacts, court decisions and decrees, contracts, an international treaty, operating criteria and administrative decisions have created the "Law of the River" and essentially require Federal involvement in the river. The Bureau of Reclamation in effect acts as water master of the Colorado River under the authority of the Secretary of the Interior.

In watersheds that extend across state boundaries, there frequently arise a need and role for the Federal government. Individual western States sometimes have differences in matters involving interstate watersheds. In addition, responsibilities regarding Indian Tribes, environmental protection, and, in some cases, international consideration, necessarily require the broader perspective that Reclamation provides. Reclamation, historically, has provided this perspective in river basin management throughout the West, and will continue to do so. Reclamation is currently involved in the Rio Grande, Colorado River and Columbia River basins, the Central Valley of California, the Platte River basin, and others.

Today, Reclamation -- with its workforce trimmed by more than 20 percent since 1992 and its budget reduced accordingly -- is an integral part of interests and organizations involved in issues affecting the major western river systems. Reclamation is prepared to continue its leadership role and to work with Congress, Federal agencies, States, Tribal governments, interest groups and the public to meet the water and related resource needs of the 21st century.

The Benefits Provided by the Bureau of Reclamation

Reclamation manages and operates 348 reservoirs (with a total storage capacity of 245 million acre-feet), 58 hydroelectric powerplants, and more than 300 recreation sites. With these facilities, Reclamation:

- delivers water to about 10 million acres of irrigated land -- about one-third of the irrigated acreage in the West;
- delivers municipal and industrial water to more than 31 million people in the West;
- provides water supplies to support habitat for wildlife refuges, migratory waterfowl, anadromous and resident fish, and endangered and threatened species;
- provides water to Native Americans through irrigation projects on 15 reservations and potable water supplies to residents on nine reservations;
- provides water supplies to rural communities through 41 water projects in three States;
- generates more than 40 billion kilowatt hours of energy each year, making it the Nation's second largest producer of hydroelectric power and the fifth largest electric utility in the western States;
- provides flood control benefits Reclamation-wide which were estimated at $414 million in 1995, the latest year for which figures were available. This number

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reflects the amount of damages from flooding predicted to have occurred if Reclamation facilities had not been in place;

- provides water-based recreation activities for about 90 million visitors a year; and
- provides drought contingency planning and assistance to States and Tribes.

Reclamation's water projects stimulate an estimated $24 billion in economic activity each year. Benefits in agriculture, recreation, power dependent industries, municipal and industrial water service, and other related areas, including the construction industry, are the result of Reclamation's continued management of a finite, but variable natural yearly water supply. These multipurpose benefits result in about $5 billion in state and Federal tax revenues. An estimated 700,000 person-years of employment are produced each year as a result of the Reclamation program.

The Reclamation program was created to reclaim the arid West and to provide economic stability in the 17 western States. Over time, single purpose irrigation projects gave way to the development and construction of multipurpose water resource projects. Since 1902, the Federal government has invested more than $16 billion in Reclamation project infrastructure -- about 80 percent of this outlay is subject to some form of repayment to the U.S. Treasury. Project beneficiaries pay for annual operation and maintenance costs. Reclamation also protects life and property by securing the safety of its dams, and ensuring Reclamation facilities are maintained, operated, and repaired in a manner that assures all project purposes can be reliably met.

With a major network of water supply and power generation facilities in place and settlement of the West realized and an increasing competition for finite water supplies, public interest has shifted to concern for more efficient use of the resource, the protection of societal and environmental values, and the protection of the Federal investment and infrastructure. The history of "Reclamation Law" has evolved over its 95 years as Congress broadened Reclamation's responsibilities from developing water projects and operating and maintaining facilities to the most modern aspects of contemporary water and related resources management and protection.

Reclamation's Challenge

The Setting: The scarcity of adequate water supplies is emerging in the West as a potential impediment to continued competitive food production, ecosystem health, social stability, and progressive cooperation between multiple water users and public institutions. The West is the fastest developing region in the nation. This growing and increasingly urban and suburban population is placing greater demands on the finite water resources. More water of higher quality for urban and industrial development is being demanded by the public at the same time the public has a growing concern for the health of aquatic ecosystems and the environment. These demands -- taken together with the public concern for future generations, complex legal mandates, existing institutional arrangements, greater knowledge of how to manage water resources on a sustainable basis, and increasing technological advances -- impose significant challenges and provide opportunities for all those with water resource responsibilities in the West including Reclamation.

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The Reality: In the West, surface flows of most rivers are over-allocated and/or run dry because of climate late in the summer and fall months. In some river basins, groundwater related resources are being depleted at an alarming rate. Thus, the challenge to provide "new additional water supplies" becomes focused not only on new development, but on our ability to conserve, protect, transfer, recycle, and sustainably manage the already existing water more efficiently and effectively to meet the growing multiple needs of the West for the future. Also, partly as a result of our nation's water development over the past 100 years, aquatic species have declined and many species may become extinct without improvements to how water resources are managed.

Reclamation's Challenge: As we approach the end of this century, the policies, institutions, and strategic planning processes affecting water resources in the West are being reassessed and, as necessary, modified to meet the challenges ahead. Evaluating sometimes conflicting mandates, multiple institutions, and public processes is an integral part of this reassessment. The challenge of charting a sustainable course for water management and use in the West is real. Reclamation's Strategic Plan sets forth these challenges and identifies opportunities and states what it will do to address them in partnership with the States, Tribes and our stakeholders.

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GPRA Requirements

GPRA Prescribed Assumptions

Reclamation has redirected its policies and priorities to accommodate fundamental changes in its activities in an environment of fewer employees and limited fiscal resources. It is improving its business practices and is delegating more authority and flexibility to its employees. Reclamation is committed to devolving decision making with accountability. Between 1992 and 1996, Reclamation's budgetary authority has been reduced by $174 million, and its work force has been reduced by 20 percent, to 6,200 employees. Reclamation's Strategic Plan was prepared assuming a relatively flat budget with increases accounting for inflation.

Outreach Activities

Reclamation's Strategic Plan is an evolving document. Reclamation has taken its responsibilities under GPRA seriously. As such Reclamation's development of a Strategic Plan continues to be a iterative process involving public and employee involvement, meetings, briefings and discussions resulting in a series of drafts of Reclamation's Strategic Plan. Reclamation's Strategic Plan has evolved significantly since the beginning of this year based on the many comments Reclamation has received. Throughout the months of April and May, Reclamation held dozens of meetings and briefings with other Federal, State and local government agencies, water users, power users, Indian tribes, conservationists, academics and other stakeholders, customers and partners and their associated organizations across the West and in Washington, D.C. Reclamation has used the Internet and the Federal Register to exchange information to solicit public input on the plan.

Meetings occurred in diverse settings such as Sacramento, California; Bismarck, North Dakota; Denver, Colorado; Sidney, Montana; Lincoln, Nebraska, and Austin, Texas. In total, about 34 meetings were held in the states of California, Idaho, Oregon, Washington, New Mexico, Wyoming, North Dakota, South Dakota, Montana, Colorado, Nebraska, Oklahoma, Texas, Kansas, as well as Washington, D.C. A broad cross section of Federal agencies including the Bureau of Land Management, Western Area Power Administration, and the U.S. Forest Service attended Reclamation's meetings. Other participants included state agencies such as the Arizona Department of Water Resources, water districts such as the Imperial Irrigation District, and environmental organizations.

Reclamation received comments on the draft strategic plan from a variety of entities. Some were favorable. Others were critical. Based on all the comments received, Reclamation has significantly revised its Strategic Plan. Reclamation will continue to disseminate information concerning its programs to build public understanding and confidence and greater public involvement in its activities. ,

Program Evaluation

In implementing its role as a water resources management agency, Reclamation has continuously engaged its customers in discussions concerning their expectations and views. For example, while

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the Congress and the Administration define what Reclamation does, Reclamation has asked its customers, stakeholders, and partners.

- Whether Reclamation is measuring performance correctly and adequately,
- Whether Reclamation is providing services at a cost that is reasonable, competitive, and in the public interest, and
- Whether Reclamation is responsive to their expressed concerns

Key Uncontrollable Factors

External factors that could influence the achievement of Reclamation's goals are: changes in statutory requirements, constraints or funding levels; acts of nature (i.e., flood, drought, seismic activities, fires, and other natural events); agency resources (e.g., level yearly appropriations); unsuccessful negotiations with interested parties and/or litigation brought by third parties; and, changes in political priorities.

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RECLAMATION'S STRATEGIC PLAN

Mission Objectives

This Strategic Plan has been developed around a framework of three essential mission objectives and specific strategies to effect long-term outcomes with goals linked to these strategies to attain Reclamation's mission objectives. These strategies enable Reclamation to implement measurable and demonstrable annual program performance goals. Accomplishments will be measured through the use of strategic goals and annual goals. Both the strategic goals and the annual goals will be described in our annual plans.

In forthcoming annual plans, performance indicators will be used for assessing the results of Reclamation's program activities. These indicators will help Reclamation and its stakeholders, customers and partners determine whether Reclamation has met its objectives and achieved desired results. Performance indicators may be expressed in the form of outputs -- the more traditional quantitative and qualitative ways of describing work products -- or they may be in the form of outcomes -- measures designed to show a program's achievements in light of intended results.

In addition to objective, tangible measures of Reclamation-wide performance, Reclamation will report on selected activities that gauge its progress. Because much of its on-the-ground mission is focused on management of a finite, but highly variable water supply across the 17 western States, Reclamation will consider local situations as well as a westwide perspective to understand how effectively it is managing a finite water supply among competing demands, multiple project purposes, and national and international policies and priorities.

MISSION STATEMENT

The mission of the Bureau of Reclamation is to manage, develop, and protect water and related resources in an environmentally and economically sound manner in the interest of the American public.

MISSION OBJECTIVES

This Strategic Plan sets forth three mission objectives t rticulate the general, long term activities and initiatives necessary for Reclamation to carry out ission. Identification of these mission objectives enabled Reclamation to develop strategies sure that its resources, both people and financial, are focused on the accomplishment of specif als.

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STRATEGIES

The strategies identified under each mission objective set forth activities and expected outcomes necessary to implement Reclamation's strategic plan.

STRATEGIC PLAN GOALS

The Strategic Plan Goals set forth specific results that Reclamation seeks to achieve by its programs through the year 2002. These Strategic Plan Goals represent the items that Reclamation will measure in gauging its performance for and its service to the American Public. The Strategic Plan Goals establish measures for annual performance. To ensure that its Strategic Plan Goals are attained, Reclamation will prepare an annual performance plan that will identify annual performance indicators to demonstrate how the Strategic Plan Goals are being met. Accordingly, these Strategic Plan Goals are often directed at a key aspect of a mission objective rather than the entire objective.

MISSION OBJECTIVES, STRATEGIES AND GOALS

Mission Objective I: WATER AND ENERGY OBJECTIVE

In accordance with Reclamation statutes, other Federal laws, and appropriate State laws, Reclamation will manage and protect all aspects of Reclamation's water and related resources management and development activities. Resource management includes formulating and carrying out those activities required to support decisions concerning the use and management of Reclamation project water and related resources (e.g., development of operations models and assessments of opportunities to improve operations), activities which improve the efficiency of water use, applied sciences and technology development, and administration of the laws, regulations, and contracts which govern the use of water and related resources produced by Reclamation's projects. Development covers planning and development of water and energy projects which improve the efficient use of limited water supplies and which reclaim and reuse wastewater and other low quality waters, and completion of the construction of authorized and funded water supply projects.

Strategy 1 -- Manage, Develop and Protect Water and Related Resources

The desired outcome is to manage Reclamation's western water resources projects wisely for present and future generations. Reclamation will manage existing water and energy project resources to provide the greatest overall benefits from the finite, but variable, natural yearly water supply and to better meet competing demands. Reclamation will improve and engage in cooperative efforts with States, Indian Tribes, local entities, and other stakeholders to conduct water and related resources management research and technology development, studies, and investigations; develop water operation and power system models, and evaluate and assess existing water and energy management practices, including water marketing, in order to improve the management of its water resource projects. To meet this goal, Reclamation will, as appropriate, manage water and energy resources for which it is responsible to address resource needs from an ecosystem perspective and on a watershed or river basin level. Reclamation will work cooperatively with neighboring Nations on those watersheds where management, development and protection of international waterways is governed by treaties.

Goals:

- Deliver or release the amount of water contracted for subject to natural water supply, delivery requests, contractual and legal requirements, and facility reliability.
- Improve water resources project management decision making for more effective management of competing demands for water.
- Deliver power to meet contractual committments 100% of the time.

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- Maintain hydropower generation costs at a level comparable to the most efficient and lowest cost sector of hydropower industry.

- By 2002, and in cooperation with the Western Governors Association, complete the review, analysis, and training for west-wide comprehensive and coordinated Drought Contingency Plans in order to provide timely responses to drought emergencies at the local, State, Tribal and regional levels.

Strategy 2 -- Operate Facilities

The desired outcome is to ensure continuous operating systems for delivery of critical water and power benefits. Reclamation will operate its water, power, recreation, and fish and wildlife facilities so as to maintain system reliability and promote improved water use efficiency and cost effectiveness. In water operations, this includes day-to-day operation of dams, reservoirs, water conveyance systems, and other water delivery systems. For power, this includes onsite and remote activities associated with hydroelectric powerplants, associated switchyards, multi-plant control centers, specialized equipment, and training. For recreation and fish and wildlife, this includes day-to-day activities to operate the agency's land and facilities (including those operated by others, but financed in part or owned by Reclamation) to provide recreation and fish and wildlife project purposes.

Goals:

- Operate Reclamation's facilities to fulfill water user contracts as well as protect and/or enhance the environment, meet Tribal and treaty responsibilities, and other public purposes.

- Manage facilities to prevent or minimize flood damage in cooperation with other Federal, State and local agencies.

- By 2002, improve hydropower generation availability of non-seasonal units from 84 percent to at least 90 percent (industry standard).

Strategy 3 -- Maintain and Rehabilitate Facilities

The desired outcome is to ensure project benefits to future generations through effective maintenance and rehabilitation. The Nation has invested more than $16 billion in Reclamation water resource and hydropower facilities since 1902. Those facilities must be protected, maintained, and improved upon for the benefit and use of future generations. Reclamation's facility maintenance and rehabilitation program is critical to successful accomplishment of its mission. Reclamation is committed to utilizing contemporary techniques to maintain facilities in a manner that sustains delivery of project benefits and maintains water quality. Decisions regarding maintenance or rehabilitation of facilities owned by Reclamation but operated by others will be made in consultation with the operating entity.

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Goals:

- Ensure continuous operations by maintaining the availability of Reclamation-operated water storage and water delivery systems.
- By 2002, maintain the industry average of three percent (3%) or lower forced outage rate for Reclamation's hydropower generating units as an interim standard.

Strategy 4 -- Reduce Risk to Public Safety

The desired outcome is to reduce risk to public safety attributable to Reclamation dams and reservoirs. An effective Dam Safety Program that protects people and property is one of Reclamation's highest priorities. There are three main components of Reclamation's Dam Safety Program: Safety Evaluation of Existing Dams, the Safety of Dams Program, and the Department of the Interior Dam Safety Program. The Safety Evaluation of Existing Dams Program provides for the examination and monitoring of Reclamation structures and the identification and analysis of potential dam safety deficiencies at regular intervals. The Safety of Dams Program provides structural and non-structural (i.e. Early Warning Systems) modifications of Reclamation dams to mitigate dam safety deficiencies and associated hazards.

Most of Reclamation's Dam Safety efforts are directed at reducing the risks to the downstream public resulting from identified Safety of Dams deficiencies requiring structural modifications. Under the Reclamation Safety of Dams Act of 1978, as amended, Safety of Dams modifications can be made to correct deficiencies that result from revisions to seismic and hydrologic loads or changes in state-of-the-art technology. Based on knowledge available as of January 1997, Reclamation has identified or anticipated deficiencies at 23 dams requiring structural modifications that are planned for completion between 1998 and 2002. As appropriate, dam safety activities will be coordinated with State agencies.

Additionally, related to these dam safety efforts, the Department of the Interior and Reclamation are placing a high emphasis on the security of Reclamation dams and other pertinent facilities.

Goals:

- Implement recommendations and take actions consistent with the 1997 report issued by the Commissioner's 1997 Dam Safety Peer Review Team and Reclamation's own internal assessment to ensure dam safety vigilance for all Reclamation facilities on a long-term basis.
- Correct deficiencies at 23 identified dams. Structural modification will be considered complete once construction activities have been completed to the extent that the intended risk reduction has been achieved for continued reservoir operations.
- By 1999, complete upgrade of emergency action plans, as necessary, for all Reclamation dams.

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- By FY 1999, conduct onsite security assessments of all pertinent Reclamation dams and facilities to identify and implement security improvements resulting from the assessments.

Strategy 5 -- Increase Water Availability

The desired outcome is to increase the amount of water available for multiple purposes through shared technology, expertise, and cooperative decision-making. Working in cooperation with State, Tribal, local and other entities, Reclamation will pursuant to its authorities encourage the development of consensus-based, structural and non-structural, economically justified, and environmentally compatible water projects where appropriate. Such projects can assist in meeting growing demands among rural, Tribal, urban and environmental uses as well as sustain supplies to existing users. Future structural developments could be required in several Western States, including: California, in order to implement fully the 1994 San Francisco Bay-San Joaquin Delta Water Agreements involving a comprehensive, ecosystem-wide approach to meeting the critical environmental needs of the region while preserving adequate water supply for more than 20 million people; South and North Dakota Rural and Tribal water supply systems; and westwide water reclamation projects under the Reclamation Wastewater and Groundwater Study and Facilities Act of 1992 (Title XVI of P.L. 102--575).

Competition for finite water resources requires ever more efficient use of developed supplies. Greater efficiency will enhance the delivery of water to existing uses and, in some circumstances, make water available for additional uses consistent with applicable Federal, State, and tribal law and contract requirements. Stretching water supplies -- through water conservation, recycling, voluntary water transfers, water banking, drought management, and conjunctive use of surface and groundwater -- is a means to achieve Reclamation's water resources management mission. Water conservation plans are required for many Reclamation project beneficiaries either through provisions of the Reclamation Reform Act, Central Valley Improvement Act, or contracts. Reclamation will provide assistance to water users through its Water Conservation Field Services Program to work cooperatively with districts and others to achieve water conservation in the field, as appropriate. Completing the plans will allow systematic implementation of water conservation measures. Plans will identify partnerships, cost-share goals, environmental considerations, and educational opportunities. Reclamation will avoid duplicating efforts already implemented by State agencies and Tribes, and will work in concert with those entities to supplement and complement their efforts.

Goals:

- Where appropriate and in cooperation with State, Tribal, local and other entities develop structural and non-structural economically justified and environmentally compatible projects. Such projects can assist in meeting growing demands among rural, Tribal, urban and environmental uses as well as sustain supplies to existing users.

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- Improve the efficient use of water and develop additional water supplies through support of Title 16, P.L. 102-575 (as amended), funded water reuse projects, conservation and research.

- By 2002, review 100 percent of water conservation plans developed by Reclamation water users, ensure implementation of all those required by law or contract, and using incentive-based strategies, encourage implementation of all plans not required under law or contract.

Strategy 6 -- Complete Projects Under Construction

The desired outcome is to meet western water quantity, water quality, and environmental needs through the development of new or improved facilities, through direct participation and/or technical assistance. To realize project benefits and to expedite recovery of the Federal capital investment from beneficiaries by placing projects into repayment status, Reclamation will place priority on the completion of ongoing construction projects. Partnerships with State, local, and Indian Tribal governments and others will be instrumental in the successful development of water and energy projects. Development will be carefully balanced to assure that projects are economically and environmentally sound and in the best interest of the American public.

Goals:

- Substantially complete construction of all water and energy supply projects which are under construction in FY 1997 and scheduled for completion by September 30, 2002.

- Leverage funding through direct funding by non-Reclamation entities and non-Federal cost sharing to foster competition of water and energy projects.

Strategy 7 -- Fulfill Obligations to Indian Tribes

Indian Tribes have a critical need for water resource infrastructure. Therefore, the desired outcome is to assist Federally recognized Indian Tribes to develop and manage their water resources for present and future generations. Reclamation will assist Indian Tribes with development and management of their water resources to promote and contribute to their economic self-sufficiency, improved public health, and to the sustainability of ecosystems dependent upon these water resources. Through partnerships, Reclamation will undertake those actions necessary to formulate water and related resources management alternatives when requested to do so by Tribal governments. Reclamation, as requested, will work with Indian Tribes to conduct water and related resources management studies and technology transfers, and to evaluate and assess existing management practices to improve the management of Tribal water and related resources projects. Reclamation will make a special effort to make Tribes, who have not traditionally been large-scale Reclamation partners, more aware of opportunities for partnerships. Therefore, Reclamation will make a special effort to make Tribes more aware of the benefits of Reclamation programs. Reclamation will also seek to enter into partnerships with the Bureau of Indian Affairs and other Federal agencies, for the purpose of assisting Tribes.

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Reclamation will continue to monitor its activities to ensure consistency with the Secretary's Indian trust responsibility. Reclamation will continue to participate in the Department's Indian Water Rights Settlement program. Reclamation will work with Tribes through the Self-Determination and Self-Governance programs by supporting special initiatives to assist Tribes to develop their water and related resources and to enhance their technical expertise. Reclamation will carry out its activities in a government-to-government manner respectful of Tribal sovereignty.

Goals:

- For Indian Tribes seeking Reclamation assistance, complete water needs assessment.
- For ongoing Indian Water Rights Settlement negotiations, provide appropriate technical support.
- Provide, through existing projects or projects under construction, water to Indian irrigators through irrigation projects on 15 reservations and potable water supplies to residents on 9 reservations;
- Implement Reclamation's Indian trust asset policy and procedures to ensure that Reclamation activities to not adversely impact Indian trust assets.
- Implement Reclamation's government-to-government plan to develop effective relationships with Tribes in 17 western States and develop protocols or enter into memoranda of agreements for Reclamation-Tribal interaction.

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Mission Objective II: ENVIRONMENTAL AND RELATED RESOURCES OBJECTIVE

Reclamation recognizes the need for placing greater emphasis on protecting and enhancing the environment, particularly those resources dependent upon Reclamation's management of water and land resources. In partnership with the State, Tribes and its stakeholders, Reclamation has and will continue to improve its management of water and related resources in a manner that is ecologically sound and that promotes habitat quality, species health and biological diversity of the West.

Strategy 8 -- Maintain and Protect Water Quality

The desired outcome is to improve water quality for multiple uses through shared technology, expertise, cooperative decision-making, and coordination. Reclamation is concerned with reducing the water quality impacts of water resource projects. These impacts, on a site-specific basis, may include increased salinity, gas supersaturation, selenium, sediment, and toxics in return flows, which in some cases may contribute to fish and wildlife degradation. It should be noted that the actions of others may affect Reclamation's ability to deliver a quality water supply.

Reclamation operates several programs whose main purpose is water quality improvement. The Colorado River Basin Salinity Control Program was authorized in 1974. Amending legislation in 1995 provides for a competitive process for selecting cost effective projects. Reclamation will meet the State-adopted and EPA-approved water quality objectives set forth in the 1996 Review of the Water Quality Standards for the Colorado River Basin through its implementation of the Colorado River Basin Salinity Control Program. The standards and objectives will be reviewed triennially as required by the Clean Water Act. In cooperation with the Basin States and the public, Reclamation will work to reduce the average cost of implementing the Colorado River basin Salinity Control Program.

Reclamation will continue other cooperative efforts under way to address particular sources of pollution. For example, Reclamation is working with the Environmental Protection Agency and the State of Colorado to clean up drainage from the Leadville Mine which is contributing to water quality degradation in the Upper Arkansas River.

Goals:

- Participate in the Department of the Interior Irrigation Drainage Program which has identified some of the most severe "hot spots" where water quality impacts from toxic contaminants in irrigation drainage from Federally supplied water may require remediation. We will work with non-Federal interests to determine appropriate remediation.

- In cooperation with the seven Colorado River Basin States and other Federal agencies in the Colorado River Basin Salinity Control Program. Reclamation will achieve the lowest cost means to improve water quality through salinity control projects by a "request for proposal" process.

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- To enable States, Tribes, local entities, and water users to implement voluntary measures to achieve their water quality objectives, provide accurate and timely water flow and water quality data.

- Inventory and characterize water quality of reservoirs and streams impacted by Reclamation facility operations and develop strategies for water quality improvements.

Strategy 9 -- Watershed Approaches to Decision-making

The desired outcome is, in cooperation with other Federal agencies, States, Tribal Governments, local entities, and other interests, to sustain and improve habitat and water quality benefiting multiple species within watersheds affected by or affecting Reclamation water supplies and water systems.

Reclamation will operate its facilities to address all its commitments, including benefits to fish and wildlife resources affected by its projects. A primary focus is on endangered species recovery in a number of western river basins. A significant number of partnerships, agreements, and activities are in effect to assist and leverage Reclamation resources. Reclamation projects offer potential for operation and supplemental construction to support increased flows and other enhancements for the benefit of fish, wildlife, and associated ecosystems. Reclamation will support water resource planning and decision-making from a watershed basis.

Goals:

- Complete ongoing multi-species conservation and recovery plans and initiate additional plans, as appropriate, in partnership with the States, Tribes and other stakeholders, for the following: Upper Colorado River, Lower Colorado River, San Juan River, Platte River and Columbia River.

- Continue activities that achieve no net loss of wetlands and support joint ventures and other programs that benefit wetlands.

- Continue working with Tribal, State, and other entities in critical watersheds, to review operations and assess system-wide opportunities to avoid future listings of species as threatened or endangered pursuant to the Endangered Species Act and, as appropriate, enhance other fish and wildlife resources.

Strategy 10 -- Research and Technology Transfer

The desired outcome is to develop new information and technologies that respond to and anticipate mission-related needs and provide for innovative management, development, and protection of water and related resources and associated values, through research and technology transfer. Reclamation's Research and Technology Transfer Program is based on the fundamental principle that "research and technology transfer are a functional component of every activity Reclamation performs in the management of its land and water resources and operation of its

projects and facilities." In pursuit of this goal, Reclamation is committed to maintaining a highly credible research and technology transfer program that addresses problems from an interdisciplinary perspective; communicates effectively with stakeholders; provides quality information, products, and advice in a professional manner; and fosters leadership in the management of water resources.

Goals:

- Reduce the cost of water treatment, desalination and water conservation technologies.
- Develop a better understanding of the ecology of western reservoirs, streams, and riparian systems to improve decisions related to facility operations; protect fishery resources; manage and control aquatic pests; and develop comprehensive water resources models.
- Advance understanding of materials engineering and hydroelectric power generation and transmission to a) extend the life of Reclamation facilities; b) improve power systems stability and reliability; and c) enhance public safety.

Strategy 11 -- Enhance Recreational Opportunities

The desired outcome is quality recreational opportunities and facilities for public use on Reclamation project lands and waters. Reclamation provides recreational opportunities on project lands and waters in an environmentally compatible manner and compatible with other project purposes through direct management, concessions, and partnerships with State and local governments, the private sector, and other Federal agencies. Reclamation will work with its managing partners to improve recreational facilities, protect public health and safety, provide for accessibility, and collect appropriate fees. Reclamation will manage, utilize and protect project lands and waters for recreational purposes while ensuring compliance with laws, regulations, contracts, agreements and policies.

Goals:

- By 2000, identify the issues and constraints associated with recreation opportunities on Reclamation lands and waters that may limit the efficient and effective management of recreation resources and facilities. Develop and implement a strategic plan for improving recreation management and recreational opportunities on Reclamation lands and waters.
- Implement effective policies, directives, standards, and guidance on recreation and concessions management.
- By 2000, identify and prioritize recreation facilities directly managed by Reclamation which need to be improved to meet public health, safety, and accessibility standards. By 2002, rehabilitate 50% of facilities identified as most critical. Work with partners to cost

share improvements for health, safety, accessibility, and rehabilitation of existing facilities managed by others.

Strategy 12 -- Land Resources Management

The desired outcome is effective and efficient management of Reclamation project lands resulting in the greatest overall benefit from the lands while maintaining the long-term sustainability of the resources. Reclamation manages land and related resources for purposes of project operation and maintenance, which include irrigation, hydropower, water quality, recreation, fish and wildlife, and flood control. Resource management planning and liaison activities will be undertaken to achieve the desired outcome. This will be accomplished from a watershed perspective consistent with project authorizations and by working with land managing entities, State, local and Indian Tribal governments, stakeholders, and the public. Reclamation will manage, utilize and protect project lands and related resources to ensure compliance with laws, regulations, contracts and agreements.

Goals:

- Identify and prioritize those lands and related resources which are at risk. Implement corrective actions on items identified as critical and begin development of Land Resource Management Plans on remaining areas identified at risk.

- By 2002, implement the new real property inventory system to complete, update, and validate records of all real property under Reclamation's jurisdiction.

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Mission Objective III: BUSINESS PRACTICES AND PRODUCTIVITY OBJECTIVE

As the Administration and Congress move toward a balanced budget by FY 2002, Reclamation will serve the public by building on its reinvention successes of the last three years.

Through the implementation of improved business practices in recent years, Reclamation has made great strides toward meeting the challenge of providing water and related resources services in an efficient, effective manner at the lowest possible cost. Processes, procedures, and practices affecting every aspect of Reclamation's business are being scrutinized to determine if they can be eliminated or require reengineering.

Reclamation will continue to increase productivity to carry out its mission more efficiently. This strategy requires Reclamation to provide the opportunity and means for its employees to excel in their work, thereby ensuring that Reclamation can effectively and efficiently carry out its mission and provide high quality customer services at the lowest possible cost. Reclamation intends to achieve a culturally diverse workforce to promote excellence, innovation and responsiveness to the needs of our various constituencies. Reclamation will provide an environment conducive to innovation and productivity in which: the workplace is safe, healthy, and drug free; people and their work are treated with respect; there is zero tolerance of discrimination and harassment; there is open communication at all levels; and, each individual is responsible for quality.

Reclamation will improve its business practices and productivity with the following strategies:

Strategy 13 -- Common Sense Business Practices

The desired outcome is to provide the American taxpayer the benefits of water and related resources management at the least cost. Reclamation projects provide direct public benefits and generate positive, productive, economic activity. Reclamation establishes and administers repayment and other contracts with project beneficiaries and collects revenues for the use of resources within Reclamation's jurisdiction or stewardship. Reclamation is committed to providing added value to its customers, stakeholders, employees, and the public by continuously scrutinizing and enhancing business practices and operating policies.

Goals:

- Reduce or maintain management, administrative, and overhead costs, and further develop and articulate quantitative cost efficiency goals.
- By 2002, achieve measurable efficiency gains with emphasis on business systems and information technology.

Strategy 14 -- Financial Management

The desired outcome is to satisfy Reclamation's obligations to the Treasury and the American taxpayers. Reclamation must ensure that policies, contractual arrangements, and rate structures will lead to: recovery of all reimbursable costs within the authorized repayment period; where

appropriate, recovery of interest on new investments at rates that reflect the United States' cost of obtaining money; and, recovery of all reimbursable operation and maintenance expenses in the year incurred. Reclamation must ensure the proper collection and disposition of all revenues pursuant to applicable Reclamation laws, policies, and procedures. Reclamation is working with local entities and the Congress to transfer ownership of appropriate Reclamation facilities, which are not identified as having national significance, to non-Federal interests under proper conditions. Such asset transfers of Reclamation facilities can play an important role in fulfilling the objectives that government can work better and cost less. Reclamation has adopted a program of transferring operation and maintenance responsibilities for facilities where the project could be more efficiently managed by non-Federal entities while protecting the public interest. Reclamation is working with its power customers to negotiate alternative financing of certain activities (e.g., extraordinary replacements and repairs) that can play an important role in assuring Reclamation has the certainty of the availability of funds to meet critical Operation and Maintenance needs.

Goals:

- Promulgate the final rule for revenues management in the Federal Register. This rule will govern the disposition of incidental revenues generated by the use of Reclamation project lands and facilities.

- Complete title transfer negotiations with any district interested in transfer of uncomplicated projects or parts of projects and continue efforts to transfer Operation and Maintenance (O&M) responsibilities. Such responsibilities on most applicable projects have already been transferred; however, Reclamation will pursue contracts transferring O&M responsibility upon completion of projects now under construction.

Strategy 15 -- Improve Customer Service

The desired outcome is to deliver high quality services to customers consistently. The ultimate goal of this Strategic Plan is to ensure that the highest quality services are being delivered to Reclamation's customers in the most efficient and economical manner. To ensure Reclamation's services meet the public's needs, feedback from customers and stakeholders will be sought on an ongoing basis, and reflected in the bureau's business practices and future plans. Reclamation will increase the level of communications and information provided Reclamation's customers about the resources it manages and the current regulations governing their use. Reclamation will provide ready access to accept customer comments and complaints by establishing state of the art communications technology for customer use.

Goals:

- Determine the kind and quality of service being provided by Reclamation and gage the level of customer satisfaction. Conduct an agency-wide customer satisfaction survey and publish the results.

- Maintain a standard of quality for service provided to the public that will equal the best

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in business. By the end of FY 1999, selected Reclamation business practices shall be benchmarked against the best in business and recommendations will be issued for further reengineering of service delivery systems.

Strategy 16 -- Diverse, Skilled Workforce Excellence

The desired outcome is to maintain a diverse, trained and motivated workforce. As the local communities and economies served by Reclamation projects continue to grow more diverse culturally, economically and socially, Reclamation must be likewise diverse and have open, effective lines of communication with its constituents, whose values and expectations may vary. Reclamation will use targeted recruitment and other techniques to meet this strategy.

Reclamation must endeavor to retain and enhance its human resources through: training, education, and developmental opportunities; encouraging self-improvement; providing meaningful work; encouraging participation in professional, trade and craft organizations; and providing opportunities for excelling at all levels. Reclamation must attract and retain top-quality talent while maintaining a highly diverse, qualified, and representative work force.

Goals:

- Achieve significant improvement in workforce diversity, emphasizing six key under-represented Reclamation occupations by assessing current practices and eliminating barriers. Ensure 100% of Reclamation managers complete appropriate diversity training.

- Provide a working environment that is conducive, innovative and productive and that is safe, healthy, and drug free; where people and their work are treated with respect; and where discrimination and sexual harassment will not be tolerated. Management staff will be required to attend training seminars in each of these areas in order to better understand their supervisory role. Employees will be offered the opportunity to attend specialized training and employee assistance programs.

- To ensure that Reclamation managers have the skills and knowledge to lead effectively a diverse organization into the 21st century, 100% of newly appointed managers will establish an Individual Career Plan to be completed within the first year. Existing managers will develop individualized Career Plans within three years.

- Revitalization of Reclamation's workforce must be a continued, life-long learning process, with all employees encouraged to participate in mission-related developmental programs. Fifty Percent of the workforce will have completed an individual career plan.

STATEMENT OF GORDON P. EATON, DIRECTOR, U.S. GEOLOGICAL SURVEY
U.S. DEPARTMENT OF THE INTERIOR
BEFORE THE SUBCOMMITTEE ON WATER AND POWER
OF THE HOUSE RESOURCES COMMITTEE
JULY 17, 1997

I appreciate this opportunity for the U.S. Geological Survey (USGS) to discuss with members of Congress our early plans and accomplishments under the Government Performance and Results Act (GPRA). We welcome interaction with Congress on GPRA activities as we work together to set goals and establish evaluation criteria for our programs.

In your letter of invitation to the Secretary, you expressed interest in having us discuss the following four topics:

1. The unique responsibilities of the USGS as opposed to those of other government entities.

2. The extent to which USGS is coordinating with other agencies in developing its Strategic Plan.

3. The process being used to involve customers and other interested groups.

4. The planned schedule for Congressional consultations.

I will consider each of these topics in turn, particularly as they apply to our Water Resources Division. But before doing so, I'd like to share with the Subcommittee some background information about the USGS strategic planning efforts, in general, and GPRA planning in particular.

In June 1996, the Geological Survey concluded an 18-month strategic planning effort with the publication of the Strategic Plan for the U.S. Geological Survey: 1996 to 2005. The document was the product of what evolved, during the 18 months, into a joint effort between the 22-person strategic planning team that represented the geographic, organizational and functional diversity of the Geological Survey, and the Survey's senior management. The June 1996 document provided both a vision and a mission statement, but did not provide statements of goals and objectives as contemplated by GPRA. The plan anticipated, but did not fully address, the Congressionally mandated merger of the National Biological Service (NBS) with the Geological Survey.

Because of the need to address the requirements of GPRA and the merger with NBS, the Survey enhanced its strategic planning effort in April 1996 that resulted in a February 1997 draft Strategic Plan for the U.S. Geological Survey: 1997 to 2005. The revised document is being used for review within the Department and OMB and as a basis for consultation

with Congress. The revised plan carries forward much of what was in the June 1996 publication but adds goals and objectives, and addresses the programs of the NBS, which became the Survey's Biological Resources Division on October 1, 1996. That document has been revised as of June 1997 to reflect comments provided to us by departmental staff and through preliminary consultations with Congressional staff, including this Subcommittee.

While the strategic planning efforts were in progress, the U.S. Geological Survey also participated in the pilot phase of the implementation of GPRA by conducting a performance plan pilot project of the National Water-Quality Assessment (NAWQA) Program. Through this early experience, we learned that:

- The discipline of GPRA requires an agency to anticipate future program plans and budget proposals throughout the GPRA process. Specifically, an agency needs to consider the kinds of proposals it will make in out-year annual performance plans while it is developing its strategic plan.

- It is possible for different measures of success to have different significance depending on the interests and perspectives of reviewers. For example, accountants might be concerned with the average cost per water quality sample while program managers might be concerned with the number of study units that are underway or completed. Demographers and policy officials might be concerned with the percentage of the U.S. population that is covered by water quality assessments and whether water quality is improving or getting worse, both locally and nationally.

- For performance plans, performance measures, and critical results to produce desired outcomes, there must be an ongoing communication between performers and reviewers, and among the various reviewers. The communication helps bring the performer much closer to widely recognized success and helps reviewers agree on what success looks like.

While we feel we've made progress, it has been a significant challenge for the USGS, as a science agency, to develop results-oriented performance measures that will allow ourselves and others to determine whether goals are being met. We are not unique in this experience and it is a topic that continues to be discussed in an interagency Research Round Table that is composed of staff of Federal science agencies. We find that we are joined by other science agencies such as the National Science Foundation, the Army Research Laboratory, and the Agricultural Research Service in having difficulty in developing measures that can be used to measure progress on an annual basis. There are several difficulties:

- In most cases, a minimum of 5 years is needed to realize "outcomes" from research, though some research might not yield results for 10 to 20 years.

- Because of the nature of science, we cannot anticipate whether research will be successful, or the extent to which information generated from the research will be used, or what the outcomes or "results" of the use of the information might be.

- Often, a single research project can support multiple objectives and yield results that were not anticipated or even conceived of when the project was first embarked upon.

With this information as background, let me now turn to the Subcommittee's four specific areas of interest.

1. The unique responsibilities of the USGS define its mission. This mission can be summarized as providing the Nation with reliable, impartial information to describe and understand the Earth. This information is used by others to:

   - minimize loss of life and property from natural disasters;
   - manage water, biological, energy, and mineral resources;
   - enhance and protect the quality of life; and
   - contribute to wise economic and physical development.

   Within this overall mission of the USGS, the mission of the Water Resources Division (WRD) is to provide reliable, impartial, timely information needed to understand the Nation's water resources. WRD actively promotes the use of this information by decision makers to:

   - Minimize the loss of life and property as a result of water related natural hazards such as floods, droughts, and land movement.
   - Effectively manage ground-water and surface-water resources for domestic agriculture, commercial, municipal, industrial, recreational, and ecological uses.
   - Protect and enhance water resources for human health, aquatic health, and environmental quality.
   - Contribute to wise physical and economic development of the Nation's resources for the benefit of present and future generations.

   Consistent with its mission, WRD collects and manages high quality hydrologic data. WRD activities include data collection, assessments of water resources, and applied and basic research and development with the purpose of solving water-related problems.

   In summary, the Water Resources Division of USGS is a primary source of scientific information on one of the Nation's most important natural resources--water. This responsibility fulfills a unique Federal role by providing standardized, objective information for the entire country through long-term hydrologic data, interpretive reports, and new analytical methods. OMB Memorandum 92-01 designates USGS as the lead Federal agency in coordinating water information activities among all levels of government and the private sector. The USGS has the primary responsibility for coordinating water data activities in the Federal Government. Because river basins and aquifers cross many jurisdictional boundaries there is great efficiency in having

one national agency, the USGS, provide standardized regional water information to all interested groups through cost-sharing arrangements. In addition, because many water issues involve interjurisdictional disputes, it is very important that the data and conclusions be viewed as credible by all parties involved. This includes adjudication of water rights within a State, among States, or at international boundaries. The USGS is accepted as a credible source by parties involved in disputes.

2. The USGS has been very active historically in coordinating with other agencies. As mentioned previously, OMB Memorandum 92-01 designates USGS as the lead Federal agency in coordinating water information activities. The newly formed Advisory Committee on Water Information, convened by the USGS, brings together 35 water resource organizations at the Federal, State, and local levels of government, as well as representatives from the private sector, universities, and public-interest groups.

   Through its reimbursable and collaborative programs with numerous Federal agencies, the USGS has many opportunities to interact with these agencies in developing priorities for work that address real-world issues. These contacts provide an acute awareness of current and future needs for water information that is reflected in the USGS Strategic Plan.

   One example of this process is the Watershed and River System Management Program, a cooperative venture between the USGS and the Bureau of Reclamation (BOR). The Program is providing integrated computer modeling capability for managing the varied demands for water in arid watersheds in the Western U.S. The Program supports the development and application of data-based decision support systems assisting resource managers at Federal, State, and local levels in achieving an efficient allocation of water among competing interests. The USGS Strategic Plan addresses data collection, analysis and research to assist others in managing resource scarcity issues. As a result, a performance measure related directly to evaluating success of the watershed modeling work described above has been incorporated into our GPRA document.

   In addition to programmatic interactions, the USGS has established a number of bilateral committees with other Federal agencies having a need for USGS information and products in order to better coordinate priorities and programs. Within the Department of the Interior, the USGS has established committees with the Office of Surface Mining, Bureau of Land Management, Minerals Management Service, Bureau of Reclamation, and Fish and Wildlife Service. Discussions are underway to form a similar committee with the National Park Service. Coordination committees have also been established with other agencies including the Defense Mapping Agency, National Oceanic and Atmospheric Administration, Environmental Protection Agency, U.S. Forest Service, Natural Resource Conservation Service, and National Aeronautics and Space Administration. Finally, under the leadership of the Office of Science Technology Policy, USGS and its Water Resources Division are active participants in the Committee on the Environment and Natural Resources.

More specifically related to GPRA, the USGS participates in the Interagency Research Roundtable and the Natural Resources Performance Management Forum--Federal agency groups sharing experiences in implementing GPRA. The Department of the Interior has established a Strategic Planning Steering Group to promote coordination among Interior's bureaus. Where appropriate we are involved with individual Federal agencies on GPRA-related activities of joint interest. For example, we are working with the Environmental Protection Agency on its "Environmental Goals for America With Milestones for 2005."

3. Regarding the process to involve customers and other interested groups, the USGS is very active in soliciting information on program plans and priorities from its stakeholders. The USGS conducts about two-thirds of its total water resources work in partnership with more than 1,100 local, State, and Federal land and water management agencies. These agencies are directly involved in determining the scope of effort in jointly funded data collection and interpretive studies and in reviewing plans and products. The USGS relies on these partnerships to identify emerging water resource issues and to assure that USGS water information is relevant to the needs of decision-makers at the local, State, and national level.

   The overall direction of the remaining USGS water programs is also strongly influenced by stakeholders. For example, in the case of the National Water-Quality Assessment (NAWQA) Program, the Water Science and Technology Board of the National Research Council conducted a review of the NAWQA pilot program and provided suggestions which helped to revise the program's overall design and implementation. The Federal/non-Federal Advisory NAWQA Council helped to identify water-quality issues for the program and prioritize study units. Multi-organizational liaison committees at the study unit and national level provide another important mechanism for stakeholder interaction. To date, more than 2,000 representatives from Federal, State, and local management agencies along with Indian nations, universities, and citizens groups have had an opportunity to provide input to the NAWQA Program.

   With regard to soliciting specific feedback on the original USGS Strategic Plan published in May 1996, 1,200 copies were distributed nationwide, about 350 of which were sent to water related organizations, including:

   State water management agencies
   State soil and water conservation agencies
   County planning boards
   State offices of land and water
   State geologists
   County government agencies
   Municipal agencies
   State agencies responsible for abandoned mine lands
   Universities
   Commonwealth of Puerto Rico agencies
   Corps of Engineers

U.S. Environmental Protection Agency
U.S. Department of Agriculture
U.S. Department of Energy
Non-governmental organizations such as the Nature Conservancy and American Crop Protection Association

4. Regarding Congressional consultations, the USGS has met on two occasions with the House GPRA Team for Interior--on April 25 and May 2. As you know, this team includes representatives from this Subcommittee, the Energy and Minerals Subcommittee, the Appropriations Subcommittee on Interior and Related Agencies, the Committee on Government Reform and Oversight and the Budget Committee. We received valuable contributions to our GPRA document on both occasions. In addition, copies of the USGS draft Strategic Plan have been sent to majority and minority staff for the appropriate committees in both the House and Senate. The Department has offered further consultations with the House and is prepared to meet with the Senate. We are anxious for constructive interaction from both houses of Congress so that our revised GPRA plan will be ready to submit to the Congress by September 30. We recognize that making GPRA work effectively requires the combined efforts of the Bureau, the Administration, and the Congress. The USGS is an eager and active participant in this process, Mr. Chairman, and we appreciate your strong interest in GPRA.

I will be pleased to answer any questions you may have.