

THE RESULTS ACT: ARE WE GETTING RESULTS?

HEARING
BEFORE THE
COMMITTEE ON
GOVERNMENT REFORM
AND OVERSIGHT
HOUSE OF REPRESENTATIVES
ONE HUNDRED FIFTH CONGRESS

FIRST SESSION

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CONTENTS

	Page
Hearing held on October 30, 1997	1
Statement of:	
Armey, Hon. Richard K., majority leader, U.S. House of Representatives ..	18
Raines, Franklin, Director, Office of Management and Budget	31
Letters, statements, etc., submitted for the record by:	
Armey, Hon. Richard K., majority leader, U.S. House of Representatives, prepared statement of	23
Horn, Hon. Stephen, a Representative in Congress from the State of California, prepared statement of	4
Maloney, Hon. Carolyn B., a Representative in Congress from the State of New York, prepared statement of	10
Morella, Hon. Constance A., a Representative in Congress from the State of Maryland, prepared statement of	6
Raines, Franklin, Director, Office of Management and Budget, prepared statement of	35
Waxman, Hon. Henry A., a Representative in Congress from the State of California, prepared statement of	16

THE RESULTS ACT: ARE WE GETTING RESULTS?

THURSDAY, OCTOBER 30, 1997

HOUSE OF REPRESENTATIVES,
COMMITTEE ON GOVERNMENT REFORM AND OVERSIGHT,
Washington, DC.

The committee met, pursuant to notice, at 2 p.m., in room 2154, Rayburn House Office Building, Hon. Dan Burton (chairman of the committee) presiding.

Present: Representatives Burton, Hastert, Morella, Horn, Mica, Davis of Virginia, Sessions, Pappas, Snowbarger, Portman, Waxman, Maloney, Barrett, Norton, Cummings, Kucinich, and Ford.

Staff present: Kevin Binger, staff director; Daniel R. Moll, deputy staff director; Judith McCoy, chief clerk; Jane Cobb, professional staff member; William Moschella, deputy counsel and parliamentarian; Teresa Austin, assistant clerk/calendar clerk; Will Dwyer, director of communications; Ashley Williams, deputy director of communications; Phil Schiliro, minority staff director; Phil Barnett, minority chief counsel; Agnieszka Fryszman, minority counsel; Mark Stephenson, minority professional staff member, and Ellen Rayner, minority chief clerk.

Mr. BURTON. The Committee on Government Reform and Oversight will come to order. I have called this hearing today to continue the important oversight that I and the committee started in February, when we held the first full committee hearing of this year on the Government Performance and Results Act. While the press may know me for my efforts to ferret out fundraising abuses in the last Presidential election cycle, what they may not know so well is that I also take very seriously this committee's duty to root out waste, fraud, and abuse in the rest of our Federal Government.

In our fight against waste and mismanagement, this committee has held over 100 oversight hearings, this year. The Results Act is the key tool being used in these efforts. We all know that the traditional way of doing business in Washington has been to create another program or spend more money when we want to solve a problem. Our lives, our property, our health are increasingly being dominated by Washington rules and regulations that give more and more power to beltway bureaucrats.

The old Washington way of doing business has resulted in a bloated Federal Government. We have gone from spending \$590 billion per year in 1980, to nearly triple that amount to more than \$1.6 trillion this past year. We have also added a million new pages—a million new pages—of Federal regulations since 1980, and we have gone blindly about this without knowing the answers

to some very fundamental questions, common-sense questions like: “What is the purpose of this program? Is it appropriate that the Federal Government do it, or should it be done at the State or local level, or even by the private sector? Are there similar programs already in existence, and, if so, are they not achieving the desired results?”

Taxpayers do not invest their hard-earned money in stock unless they think the company produces a good product in a most efficient and effective manner. Why should the public pay taxes to fund Federal programs that are not achieving good results? They should not, and they are counting on us to make sure that they do not.

At our Results Act hearing last February, we learned that agencies had barely begun to think about their strategic plans that were due in September, even though they had known since 1993, when the law was passed, to start preparing their plans. As a result, the agencies’ draft plans were abysmal.

You have seen from our September report that all but 2 of the 24 major Federal agencies received a failing grade in their draft plans. The Labor Department’s score was the lowest, at 6.5 percent. Now, that is intolerable. The Departments of Energy, Commerce, HUD, and Agriculture all had scores below 20 percent. The average grade for these draft plans was 29.9 percent. When I was in school, 70 percent or below was failing, and we have grades at about one-third that level.

We are finding the final strategic plans to be somewhat better than the draft versions, and we will come out with a second report next week with the latest strategic plan’s scores. Frankly, I think any improvements in the plans have more to do with where Congress, and not the administration, has placed the bar. In fact, some committee members, including myself, are concerned that the Results Act is not a high enough priority for OMB, thus the slipping deadlines and the low quality of the agency plans.

Our majority leader, who is here with us today—and I thank you for being here, Dick—has played a key role in engaging Congress in this important effort. I am pleased to have him back before the committee to give us his perspective on where we are, and how far we have to go.

After Mr. Armey, we will hear from the Director of the Office of Management and Budget, Franklin Raines, who has the chief role in coordinating and ensuring all Federal agencies comply with the Results Act.

The General Accounting Office has also been involved in helping Congress access the agencies’ strategic plans. The Acting Comptroller General, Mr. James Hinchman, is here to testify on behalf of their efforts.

For our final panel, I am pleased to welcome the Honorable Maurice McTigue, a visiting scholar at George Mason University from New Zealand. Mr. McTigue, formerly a Member of Parliament and Cabinet Minister in the Government of New Zealand, was a major force in seeing Results Act-type reforms implemented in his country.

I also want to commend our subcommittee chairmen, several of whom have held hearings this year to examine the draft strategic plans of the agencies in their purview. Chairman Horn and Chair-

man Shays, in particular, have done an outstanding job. Also, congratulations to Congressman Pete Sessions, who started the “Results Caucus” to get Members focused in the areas in Government at high risk for waste, fraud, or abuse. I also want to thank Chairman Denny Hastert for his leadership in putting specific performance requirements into the reauthorization bill for the drug czar’s office; this is what the Results Act is all about.

I want to welcome all of our witnesses here today, as we assess where we are in taking on the challenges of the Results Act.

With that, Mr. Horn, do you have any opening statements?

Mr. HORN. Well, just briefly, Mr. Chairman, we thank you for holding this hearing, and we thank you for the support of Jane Cobb of your staff and others who have been immensely helpful. I want to commend the majority leader for really doing what we all said he would do when he first testified before us on establishing a “war room” where they really keep track of what’s going on in the various executive departments. We thank particularly Ginni Thomas of his staff for the very great help she has provided all of us, and we appreciate your continued commitment on this.

I would simply say this: We have held five hearings on the Results Act this year at the subcommittee level. The first three were conducted while agencies were still working on their strategic plans, and I think a lot of lessons were learned, mutually, by the executive branch and the legislative branch.

Our two most recent hearings concentrated on the Office of Management and Budget and the General Services Administration. I guess I would say that the strategic plans are in minimal compliance with the requirements of the Results Act, so we would hope that this hearing will try to get at some of the things that the executive branch could do, which would assure that these plans comply with the law, after the 5 years that, as the chairman said, we have given the executive branch to begin in this area. So, without objection Mr. Chairman, I would like to have the statement put in the record as if read.

Mr. BURTON. Without objection.

[The prepared statements of Hon. Stephen Horn and Hon. Constance A. Morella follow:]

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"The Results Act: Are We Getting Results?"

October 30, 1997

**OPENING STATEMENT
 REPRESENTATIVE STEPHEN HORN (R-CA)**

**Chairman, Subcommittee on Government Management,
 Information, and Technology**

Thank you, Mr. Chairman. I too would like to welcome the distinguished House Majority Leader, Mr. Arney, to our committee and to thank him for all the work he and his staff, especially Ginni Thomas, have done to make the Results Act a growing success.

As you know, the Subcommittee on Government Management, Information and Technology has been active in monitoring and encouraging implementation of the Results Act. We have held five hearings on the Results Act this year. The first three, conducted while agencies were still working on their strategic plans, provided guidance, solicited lessons learned, and offered encouragement. The two most recent hearings focused on the final strategic plans of the Office of Management and Budget and the General Services Administration.

Based on our hearings, it is fair to say that the strategic plans are in minimal compliance with the requirements of the Results Act. They have a long way to go before their quality will be sufficient. This hearing before the full committee and Mr. Arney's support will provide considerable impetus for improved quality.

I have begun accumulating suggested improvements to the Results Act content and process. The House Majority Leadership has taken the initiative in this area and the General Accounting Office has provided considerable support. As we work our way through the Strategic Plans now and through the Performance Plans this coming February, I solicit from all of my colleagues further suggestions for improvement. This is a learning period for all of us -

the agencies, the Office of Management and Budget, and Congress alike. Lessons learned from the first plans will be embodied in improvements for future planning cycles.

The quality of these plans will reflect, in part, the seriousness with which Congress approaches the process. That seriousness is demonstrated in oversight hearings like this one; in legislation that incorporates performance results, as does the recent bill from Chairman Hastert's Subcommittee on National Security that reauthorizes the Office of National Drug Control Policy; and in appropriations where budgets are affected by the content of agency Results Act plans.

I would like to thank Chairman Burton and our witnesses for their attention to this critical issue. Their presence here sends a message to the entire Government that the Results Act is a top priority.

**STATEMENT OF
THE HONORABLE CONSTANCE A. MORELLA**

October 30, 1997

**COMMITTEE ON GOVERNMENT REFORM AND OVERSIGHT
"THE GOVERNMENT PERFORMANCE AND RESULTS ACT"**

I want to thank Chairman Burton for holding today's hearing on the Government Performance and Results Act. I look forward to hearing from Majority Leader Dick Armey who is doing yeoman's work spearheading the GPRA implementing team, and from Franklin Raines, James Hinchman, and Maurice McTigue.

Passed by the Congress in 1993, the Results Act helps agencies focus their resources on achieving results, tying their budgets directly to performance. Federal agencies and employees have been disrupted by downsizing mandated by the Congress; it is our job as Members of Congress to ensure that the Results Act helps agencies to do more with less.

House Committees are taking the Results Act very seriously. The Science Committee's Subcommittee on Technology, which I chair, is working to ensure that we tie GPRA's requirements to funding levels. Legislation we recently passed dealing with the surface transportation reauthorization will ensure that the Department of Transportation incorporates research and development for surface transportation in their strategic plan. The Small Business Technology Transfer Act also includes GPRA provisions.

I am concerned by GAO's September report on agencies' draft strategic plans which details the plans' grave deficiencies. Furthermore, the Congressional report's highest grade for the draft reports is 68? I used to teach Shakespeare, and I can tell you that when the highest grade was a 68 -- as was the case for the agency draft reports -- there is a big problem!

Today we will hear more details about the final strategic plans. I understand there has been improvement, but that we have some work to do. In addition to our encouragement, however, I also want to ensure that agencies receive the assistance they need in creating their strategic plans, and that their priorities

reflect those of the American people.

The Results Act has the potential to be a catalyst for change in the way Government manages itself -- we must ensure these changes are positive. We also must make sure that this process is not just another exercise or the latest fad, and thus not receive the attention and support that it deserves. To help dispel these notions, I am looking forward to hearing from today's witnesses, who will provide additional insights into the GPRA process and about how it is actually being implemented -- what is working, what is not working, and why, so that the Congress and Federal agencies work together to provide the most efficient and productive government possible.

Mr. BURTON. Are there further opening statements? Mrs. Maloney.

Mrs. MALONEY Mr. Chairman, I would like to request that Mr. Waxman's opening statement be put in the record, and in the interest of time, since we have an important leader here, I would like my statement also to be put in the record. I won't read it.

I would just like to say that the Government Performance and Results Act enjoyed wide bipartisan support. Since its passage in 1993, it was the first bill that I managed on the floor of Congress, so I have a particular affinity for it. It was signed by a Democratic President; yet, I am told it was drafted and supported by members of President Bush's Office of Management and Budget, and that President Bush himself, likewise, supported the concept and the GPRA bill. I don't think anything better exemplifies the genuine desire of both sides of the aisle for a good effective and efficient Federal Government.

I must say that one of the prime focuses of it is one of the focuses really of Mr. Armev himself, to eliminate waste and duplication in our Government, not only in Congress, but throughout Government. And I look forward to your testimony, and I request that my opening statement and Mr. Waxman be put in the record in full.

Mr. BURTON. Without objection.

[The prepared statements of Hon. Carolyn B. Maloney and Hon. Henry A. Waxman follow:]

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Hon. Carolyn B. Maloney -- Opening
Statement
Hearing on the Government Performance
and Results Act

October 30, 1997

Thank you Mr. Chairman.

Today's important hearing is on the Government Performance and Results Act, landmark legislation which has enjoyed wide bipartisan support since its passage in 1993. The Government Performance and Results Act (GPRA) was one of the first major steps taken by

the Democratic 103rd Congress to reinvent government. It was signed by a Democratic President. Yet, I'm told it was drafted largely by Republican members with the help of President Bush's Office of Management and Budget. Nothing could better exemplify the genuine desire of members on both sides of the aisle for a good, effective and efficient federal government.

GPRA is intended to improve government management by requiring the executive agencies to set measurable goals for themselves, then report annually on whether or not those goals were met. Federal managers are just beginning to set the program goals and performance measurements which GPRA requires.

GPRA will provide new ways of getting things done. Implementing it will be very difficult, but its benefits may be great.

It is important that we in Congress not under estimate just how difficult implementing GPRA will be. This is the first time many agencies are drafting strategic and performance plans, and the first steps are often the hardest. It is quite difficult to arrive at a concensus over missions, goals and results within an agency, especially when one also has to consider the often conflicting views of Congress, customers and stakeholders. Turning those views into a comprehensive and concise strategic plan is something the agencies have been struggling with for months, if not years.

Despite the difficulties, OMB reports that about 95% of covered agencies submitted timely and compliant strategic plans by September 30th, as required by the Act. That should be an “A” in anyone’s book. We can’t rest here however, if only because the law requires further action soon. We should all also frankly admit that the quality of the plans submitted last month is mixed. Some are outstanding; some need more work. This should surprise no one, given the difficulties I have just mentioned. I am encouraged however by commitment to this Act demonstrated by both Congress and the Administration. With that commitment, I’m sure we will be seeing improvement.

By the beginning of the next century, GPRA will hopefully have a dramatic effect on the way the Federal budget is prepared, and how agency performance is measured. This will produce profound change, both in the mechanics and in the culture of government. GPRA will provide Congress with improved sources of information on government performance. Congress needs to learn how to absorb that data and act on it intelligently, an issue I hope some of our witnesses address.

Mr. Chairman, I hope that our colleagues consider carefully the information gathered at this hearing. It could prove invaluable in setting management and budget priorities as we

look ahead to the next century. While these issues do not often excite the public's interest, they are essential to the proper functioning of government.

Thank you Mr. Chairman.

Opening Statement of Hon. Henry A. Waxman
Ranking Democratic Member
Committee on Government Reform and Oversight

Hearing on the Government Performance
and Results Act

October 30, 1997

Mr. Chairman, thank you for holding this hearing on the Government Performance and Results Act. The Act has enjoyed wide bipartisan support since its passage in 1993. We are in a critical period of implementation, and I am hopeful that bipartisanship will continue.

GPRA is intended to improve the efficiency and effectiveness of the federal government by forcing the agencies to focus on results. For it to have this effect, both Congress and the Administration must work together in a cooperative manner. To date, that seems to be the case.

The first hurdle of GPRA was the submission of agencies strategic plans on September 30th. As OMB will testify, 95 of the approximately 100 agencies covered by the Act submitted timely and compliant plans. This is a very good beginning, especially given the difficulty of the undertaking and the fact that in many cases, this was the first time the agencies were attempting this process.

Mr. Chairman, there is much work ahead. The annual performance plans for the agencies and for the entire federal government are due with the budget submission in February. This will be at least as difficult as the phase just completed. But given our good beginning, I am optimistic the GPRA can have its intended effect -- improving the management of the federal government. Thank you.

Mrs. MALONEY. Thank you.

Mr. BURTON. Are there further opening statements? If not, Mr. ArmeY, welcome. I am glad to have you with us again. Since you were last here, your hair has gotten a little grayer. [Laughter.]

Other than that, you look great.

STATEMENT OF HON. RICHARD K. ARMEY, HOUSE MAJORITY LEADER

Mr. ARMEY. Thank you, Mr. Chairman. I want to make it very clear, of course, that my hair has certainly not gotten more gray because of any of the work done on this one.

It is a pleasure to be back here. I think you have a very good lineup of people to come before you, and I am sure that when the day is over, you'll look back and you will say the least of them was the majority leader, so I need to move on so you can get to those folks who will give more.

I want to, if I may, though, take just a moment to join you in thanking Mr. McTigue from New Zealand. It is always great to have insight from people across the waters and around the globe, who have had success, and they have had success with the Results Act-type legislation in New Zealand, which is a nation that is presenting itself to be to the world a nation of good ideas. I would remind you, Mr. Chairman, they are also a nation that has the flat tax, so obviously their successes are emulated on as many fronts as possible, and I hope you will forgive me that moment of self-indulgence.

But, I think Mrs. Maloney made a very important point: the Results Act was in fact born in bipartisanship. It has been enthusiastically embraced by both parties, and the administration from both parties, and legislators from both parties. And, I really think we all ought to always understand that we have a community effort here, and that we are all trying to learn new skills and to implement new process and new procedures for the very purpose of making this Government perform more effectively and achieve more satisfying and more verifiable results for the American people. This is very likely to be the best example of good government practices put in practice in the government, then anything any of us have seen for a long time.

Certainly, that is not unrelated to the efforts of this committee. This is the committee of jurisdiction, and it is the committee that I think maintains the effort. Mr. Chairman, I want to thank you personally for the efforts of this committee, and if I may, in particular, single out Subcommittee Chairman Horn for his devotion to this and other legislative efforts that do, in fact, lead us in the direction of a more effective government, achieving better results for the American people.

I'd like to just take a quote from Tom Schatz of Citizens Against Government Waste, an organization that has been diligent in its review of the practices of government for years. Mr. Schatz said: "While the Results Act is not a name that generates immediate excitement, it will, if properly administered and enforced by Congress, deliver the most significant level of accountability of the use of tax dollars in American history."

I think we ought to focus on what he said there for just a moment: if properly administered through the executive branch and through the agencies of Government, and of course enforced by Congress. This should not be seen as an adversarial relationship, and, indeed, I do not perceive that it is being worked out as an adversarial relationship. It is a cooperative relationship. We are all in it together, and I think we are working well together. I think Mr. Schatz is also right in that he understands that knowledge is power, and the power to do good comes from a clear understanding of what it is we are trying to accomplish, and how well we are doing along the way.

Now, as we look at that, I am going to focus today on what I believe to be the status of our progress to date, and where I think we may need to make additional improvements. And, as I make that focus, I think you will find that I make that focus in equal parts as I look at the agencies; as I look at the executive branch; and, as I look at the Congress as well.

If we are going to regain the public's trust and confidence, we must reform bloated, unresponsive, and inefficient programs and agencies, and we must achieve a smaller, smarter, more common-sense government. Before we can intelligently evaluate whether any given policy is wise or misguided, whether an agency's budgetary needs justify taking more from low-income Americans, mothers, and children, we must have reliable, detailed, information about how that money is spent. We must demand tangible, measurable goals, and then followup to ensure that these targets are reached.

In a democratic society there will always be disagreements, both ideological and otherwise, about the desirability of many policies and programs. We will always seek common ground and principled compromise, but there is one thing on which we cannot compromise: Before the true policy debate can begin, we must have reliable, honest information about where our tax dollars are going and what they are accomplishing.

We can no longer afford to give Federal agencies cart blanc. The purpose of the Results Act is to make the Federal Government accountable. We finally have a tool that allows us to discover what the Federal Government is doing, and how it is getting it done.

With the implementation of another law, the Chief Financial Officers Act, we could also discover: How much does it cost? Isn't it refreshing to think that we are now stopping to ask the inane question, whether or not programs are spending all their money, and instead we are asking: Is the program producing results, as judged by honest, objective performance measures?

We are witnessing more and more congressional attention to using the Results Act as a tool of enhancing accountability. We have counted 23 congressional hearings on the Results Act since February, and including today, where Jim Talent's Small Business Committee is having one, as well as Tom Ewing's Agriculture subcommittee having one.

Today, more and more Members are seeing the value of building performance standards into their authorizing efforts. I was particularly surprised by Denny Hastert and Rob Portman's leadership in this regard, as they moved the drug czar reauthorization legislation

recently, with six specific targets and goals. In that instance, we not only legislated policy, we insisted on a measuring stick to the achievement of result. This is how we can all use the Results Act principles as we do our legislative work, clarifying what Congress expects each program to achieve to the American people.

A perfect example of how the act complements and enhances congressional oversight is the Results Caucus. The Results Caucus is bipartisan, and it is headed by Pete Sessions. It is dedicated to resolving specific management problems targeted by GAO's high-risk list. Pete Sessions, and many of our colleagues, are tackling specific problems of waste, fraud, and error through this caucus, and I am proud, as a Texan, to watch Pete's work through this caucus.

Committees have invested much time and effort in congressional consultations on strategic plans, and I commend the fine work of all who participated. This effort involved virtually every House committee, including authorizers, appropriators, and budgeteers. Your committee, Mr. Chairman, and Mr. Horn's subcommittee, played a particularly important role. Your committee work focuses on solving problems, improving Government management, exerting focused congressional pressure, and just plain old "rolling up the sleeves and doing hard work."

We have conducted this effort on a bipartisan and a bicameral basis, and we are pleased that so many of our colleagues are joining in the effort. We have received excellent support from GAO, and from the Congressional Research Service. We have worked closely with Frank Raines and his staff at OMB. Judging from the quality of the strategic plans we have now seen, we intend to work even more closely with them from now on. I am convinced that these efforts are worthwhile. Progress is being made, and we must continue.

Last time I testified before you, Mr. Chairman, was in February. We talked about the promise of the Results Act and our expectations for making it work. Department by department, program by program, we found that the first round of strategic plans demonstrates how challenging it is to implement the Results Act, and how far we have to go. It also underscores the importance of sticking to the task. To invoke a cliché, the act really does involve fundamental "cultural change." And, Mr. Chairman, I talked about that the last time I was here.

We should all have, one, a modicum of patience, understanding it is hard for many of us. In many of our roles in our lives, as my daddy told me when I was a boy, it is tough to teach an old dog new tricks. And, there will be resistance; there will be foot-dragging; there will be disbelief. But, frankly, I think the agencies have done a great deal to demonstrate in themselves that you can overcome all of these factions of inertia. Should we be satisfied? No. But, we should also be appreciative that a great many people in this town have already demonstrated that they have a great deal of willingness to learn new and better ways of doing things against the grain of all their experience.

By the same token, I think we should be impatient. It seems almost insane to say we should be both patient and impatient. We should also recognize that the purposes to which we can put this legislation's full implementation are important enough that we

must always be prodding, poaching, even nagging, to get everybody further down the line.

There is good news. Nearly all congressional committees have become involved in consultations about agencies strategic plans. Congress received nearly 100 strategic plans. The principles of the Results Act were shown to work—you get what you measure—by Congress telling OMB and agencies how we could score their plans using 10 criteria; we did see improvement in these 10 areas. Some plans were closer than others to meeting the mark. Transportation's and Education's plans were the most impressive, although they still showed some gaps. Agencies had great difficulty developing their strategic plans. They are much more used to dealing with process than results. They are very important to us. They are much more comfortable measuring how many inspections they conduct, how many regulations they issue, and how quickly they spend our money, than they are at trying to access what all this accomplishes for the real benefit of the American people.

The bad news is: We still have a long, as I said, have a long way to go. Next week Chairman Burton and I, along with some of our House and Senate colleagues, will issue a report that gives out final grades on 24 of the nearly 100 final strategic plans that were submitted on September 30 to the Congress, in accordance with the Results Act.

This report will give credit where credit is due, and show examples of the problems we have found. We will also suggest next steps as we approach the February submission of President Clinton's first-ever governmentwide performance plan and the agency performance plans that will accompany their budget submission and link to them.

As I have said, making sure that we get the maximum results from the Results Act will not be easy. The first round of strategic plans was quite disappointing, for the most part. This makes it all the more important that the administration, OMB, and the agencies have a concerted effort to produce much higher quality performance plans next February. Agencies are going to be watching for the President's governmentwide performance plan, due in Congress in February.

Most agencies also face massive data capacity problems that threaten their ability to produce and provide decisionmakers with reliable performance information. Even the best strategic or performance plan will be only a paper exercise unless the agency can back it up with good data. I was surprised to learn yesterday that Frank Raines does not think this is an immediate problem, and that our scoring of strategic plans should not include any discussion of data credibility right now. I can't be more strongly in disagreement with Frank on that point. I believe that the administration, the OMB, and we, together, need to tackle this problem head-on, and solve it expeditiously, or the act will risk being a failure.

More Members must get involved. If I had my way, I'd like to see every congressional committee with jurisdiction over departments, agencies, or function review the policy implications that are in the new strategic plan. Although our review to date had to focus on compliance, not policy, the time is right for Congress to tell the Government whether they are headed in the right or wrong direc-

tion. We need to ask fundamental questions such as: Is it clear where the agency is headed for the next 5 years? Is it going in the right direction? Are its goals and measures credible and results oriented, and do they make sense? Do they fulfill important Federal responsibilities, or are they more appropriate for other levels of government, or for the private sector?

We need to integrate Results Act information into our basic legislative responsibility. When Congress considers program reauthorization, we need to ask what concrete results has the program achieved? Are they worthwhile and cost-effective? Is there a better way to provide this service?

When Congress considers appropriations, we need to ask whether the agencies' budget requests are proficiently tied to the results of its program, and what funding levels these results merit?

When considering proposals to create new programs, we need to ask how these proposals relate to existing programs and resources dedicated to the same or similar goals, and why existing programs can't be restructured or improved to produce the new desired outcome, without layering new programs on the old programs?

Finally, we need to integrate Results Act information into our oversight activity, as we hold agencies accountable. While we can't legislate good management, we can provide the right incentive.

In summary, every dollar spent by the Government is a dollar earned by someone else. Taxpayers deserve a Government that doesn't waste their hard-earned dollars. You and I have within our capability a chance to ensure honest data for smarter decisions.

In closing, Mr. Chairman, let me observe an Armeys axiom: Nobody spends somebody else's money as wisely as they spend their own. The Federal Government is an example of that. With proper implementation of the Results Act, we may actually be able to be the first best example of a reversal of an Armeys Axiom, and I thank you, Mr. Chairman.

[The prepared statement of Hon. Richard K. Armeys follows:]

Dick Arney Testimony on Results Act

October 30, House Government Reform and Oversight Committee

Tom Schatz of Citizens Against Government Waste has said that *"while the Results Act is not a name that generates immediate excitement, it will, if properly administered and enforced by Congress, deliver the most significant level of accountability of the use of our tax dollars in American history."*

He's right. It is said that knowledge is power. If properly implemented, the Results Act will provide us powerful tools in the form of systematic, credible information about the operations of the federal government: what's working, what's wasted, what needs to be improved, and what needs to be rethought.

Framing Importance

If Washington is to regain the public's trust and confidence, we must reform bloated, unresponsive and inefficient programs and agencies, and achieve a smaller, smarter, common sense government. Before we can intelligently evaluate whether any given policy is wise or misguided, whether an agency's budgetary needs justify taking more from low income mothers and children, we must have reliable, detailed information about how that money will be spent. We must demand tangible, measurable goals, and then follow up to ensure that those targets are reached.

In a democratic society, there will always be disagreements, both ideological and otherwise, about the *desirability* of many policies and programs. We will always seek common ground and principled compromise. But there is one thing on which there can be no compromise: Before the true policy debate can begin, we must have reliable, honest information about where our tax dollars are going.

We can no longer afford to give federal agencies carte blanche. The purpose of the Results Act is to make the federal government accountable. We finally have a tool that allows us to discover what the federal government is doing, and how it is getting it done. With the implementation of *another* law, the Chief Financial Officers Act, we could also discover - how much it will cost.

Isn't it refreshing to think you and I could *stop* asking the inane question - whether programs spent all their money last year, and instead ask: is the program producing results, as judged by honest, objective performance measures?

Assessing Activities to Date

We are witnessing more and more congressional attention to using the Results Act as a tool for enhancing accountability:

- We have counted 23 congressional hearings on the Results Act since February.
- More and more Members are seeing the value of building performance standards into their authorization efforts.

I was proud to see Denny Hastert's leadership in this regard as he moved the Drug Czar reauthorization legislation recently - with six specific targets and goals. In that instance, we not only legislated policy, we insisted on a measuring stick to achieve results. This is how we can all use Results Act principles as we do our legislative work - clarifying what Congress expects each program to achieve for the American public.

- A perfect example of how the Act complements and enhances Congressional oversight is the "Results Caucus." The Results Caucus is a bi-partisan group of House members, headed by Pete Sessions, that is dedicated to resolving specific major management problems targeted by GAO's "high-risk" list. Pete Sessions and many of our colleagues are tackling specific problems of waste, fraud and error, through this Caucus.
- Committees invested much time and effort in congressional consultations on strategic plans, and I commend the fine work of all who participated. This effort involved virtually *all* House committees, including authorizers, appropriators, and budgeteers.
- Your Committee, Mr. Chairman, and Mr. Horn's subcommittee play particularly important roles. Your committee work focuses on solving problems, improving government management, exerting focused congressional pressure and just plain old "rolling up the sleeves hard work."
- We have conducted this effort on a bipartisan and bicameral basis, and we are pleased that so many of our colleagues are joining in the effort.
- We have received excellent support from the GAO and from the Congressional Research Service.
- We have worked closely with Frank Raines and his staff at OMB.

I am convinced that these efforts are worthwhile and must continue.

Early Reaction to Strategic plans

Last time I testified before you, Mr. Chairman, was in February. We talked about the promise of the Results Act and our expectations for making it work, Department by Department, program by program. Our experience with this first round of strategic plans demonstrates how challenging it is to implement the Results Act and how far we have to go. But it also underscores the importance of sticking with this task. To invoke a cliché, the Act really does

involve fundamental "culture change."

The good news is that:

- Nearly all congressional committees became involved in consultations about agency strategic plans.
- The Congress received nearly 100 strategic plans.
- The principle of the Results Act was shown to work: *you get what you measure*. By Congress telling OMB and agencies how we would score their plans, using 10 criteria, we did see improvement in those 10 areas.
- Some plans were closer to others to meeting the mark. Transportation and Education's plans were the most impressive, although they still showed some gaps.

Agencies had great difficulty developing their strategic plans. They are much more used to dealing with *process* than *results*. They are much more comfortable measuring how many inspections they conduct, how many regulations they issue, and how quickly they spend our money, than they are at trying to assess what all of this accomplishes for the real benefit of the American public.

The bad news is that we still have a long way to go.

Grades out next week

Next week, Chairman Burton and I, along with some of our House and Senate colleagues will issue a report that gives out final grades on 24 of the nearly 100 final strategic plans that were submitted on September 30th to the Congress in accordance with the Results Act. This report will give credit where credit is due and show examples of the problems we saw. We will also suggest next steps as we approach the February submission of Bill Clinton's first-ever government wide performance plan, and the agency performance plans that will accompany their budget submissions and link to them.

Trouble Spots that need Early Attention

(1) **February Submissions.** As I have said, making sure that we get the maximum results from the Results Act will not be easy. The first round of strategic plans was quite disappointing, for the most part. This makes it all the more important that the Administration, OMB, and the agencies make a concerted effort to produce much higher quality performance plans next February.

Agencies, as well as the Congress, will be watching for the President's government-wide

performance plan due to Congress in February. This will demonstrate the seriousness with which the Administration takes this effort.

(2) **Data Capacity problems.** Most agencies also face massive data capacity problems that threaten their ability to produce and provide decision-makers with reliable performance information. Even the best strategic or performance plan will be only a paper exercise unless the agency can back it up with good data. I was surprised to learn yesterday that Frank Raines does not think this is an immediate problem, and that our scoring of strategic plans should not include any discussion of data credibility right now. I couldn't more strongly disagree.

The Administration and OMB need to tackle this problem head-on and solve it expeditiously, or the Act will be at risk of failure.

(3) **Member involvement.** More Members could get involved. If I had my way, I'd like to see every congressional committee with jurisdiction over Departments, agencies or functions, review the policy implications that are in the new strategic plans. Although our review to date had to focus on compliance, not policy, the time is right for Congress to tell the government whether they are headed in the *right* or *wrong* direction. We need to ask fundamental questions such as:

- It is clear where the agency is headed for the next 5 years?
- Is it going in the right direction?
- Are its goals and measures credible and results-oriented, and do they make sense?
- Do they fulfill important federal responsibilities, or are they more appropriate for other levels of government or for the private sector?

It's time to integrate Results Act information into our basic legislative responsibilities.

- When Congress considers *program reauthorizations*, we need to ask what concrete results has the program achieved? Are they worthwhile and cost-effective? Is there a better way to provide this service?
- When Congress considers *appropriations*, we need to ask whether the agency's budget requests are sufficiently tied to the results of its programs, and what funding levels those results merit.
- When considering *proposals to create new programs*, we need to ask how those proposals relate to existing programs and resources dedicated to the same or similar goals, and why existing programs can't be restructured or improved to produce the new desired outcome, without layering new programs on old ones.
- Finally, we need to integrate Results Act information into our *oversight* activities as we hold agencies accountable. While we can't *legislate* good management, we can provide

the right incentives.

Summary

Every dollar spent by the government is a dollar earned by someone else. Taxpayers deserve a government that doesn't waste their hard-earned dollars. You and I have within our capability the chance to ensure honest data for smarter decisions.

In closing, Mr. Chairman, let me observe an Arney Axiom: nobody spends someone else's money as wisely as their own.

The federal government is an example of that. With implementation of the Results Act, we may be able to witness the first best example of reversing an Arney Axiom.

Thank you for allowing me to come here today on this important topic.

For more information, see <http://www.arney.house.gov>

Mr. BURTON. You did not plagiarize that axiom, did you?

Mr. ARMEY Did I?

Mr. BURTON. I don't think you did; I just thought I would throw that in. Before we go to questions—

Mr. ARMEY. It is very hard, Mr. Speaker—or Mr. Chairman—

Mr. BURTON. Oh, you promoted me there.

Mr. ARMEY. Let's don't get started with that again. [Laughter.]

I was just going to say, a person of my vast experience and attentiveness is never sure for sure whether, indeed, I created the line myself or did get it from somebody else.

Mr. BURTON. I got you.

Before we go to questioning of the majority leader, Mr. Hastert?

Mr. HASTERT. I thank the chairman, and certainly thank the chairman for holding this hearing today. I would first like to thank our majority leader also for appearing before us; this is an important issue.

Mr. Leader, you have led this Congress in many ways, and scored many important successes for the American taxpayer, but that said, I think one of the most important contributions has been legislating the iron-clad assurances that Federal agencies become accountable. Your leadership and certainly tireless insistence on results are an example, and your role as the champion of the Results Act is an enduring victory for the average American taxpayer.

At minimum, the Results Act requires each Federal agency to submit to Congress an initial strategic plan outlining in black and white their mission, goals, and objectives, in addition to stating a plan to achieve those goals, and most importantly, a performance measurement system to ensure objective progress toward meeting those goals. This is not only good business practice, it represents a concrete way for Congress to ensure that hard-earned taxpayer dollars are not frittered away on bureaucracy or wasted on fruitless projects. Your efforts will take us a long way toward eliminating duplicative and ineffective programs, and properly supporting proven success.

The Federal Government currently employs almost 3 million people and spends approximately \$1.6 trillion annually. With such a large and unaccountable bureaucracy, fraud and abuse are bound to flourish. And, as you stated in your interim report, taxpayers pay more than five times what the private sector pays to build for example, houses. This kind of waste cannot continue, and I am happy to say that such spendthrift days are now over, since we have had the Results Act.

As you know, I have taken privileges and principles of the Results Act and applied them specifically to the war on drugs. We have just passed a bill reauthorizing the drug czar's office that includes setting hard targets and specific goals for that office to achieve. It requires the Office of National Drug Control Policy to report to Congress frequently regarding progress toward the goals of genuinely winning the drug war, and moreover, as required by the Results Act, that agency must justify each and every taxpayer dollar appropriated for the counter-drug effort. We are asking the same thing of that agency, that we are asking of the rest of the Federal Government—in a word “accountability.”

Again, I commend you, Mr. Armev, our majority leader, for taking hold of the reins. When agencies were less than enthusiastic about the Results Act, you motivated them to comply, and when the draft strategic plans proved deficient, you pushed the demand better. When other issues took the attention of Congress, you persisted, and kept this act at the forefront. I would like to thank you for your perseverance, your ingenuity, and your principal leadership, and to borrow a phrase, "your results." Thank you very much.

Mr. BURTON. Thank you, Mr. Hastert. Mr. Waxman.

Mr. WAXMAN. Thank you very much, Mr. Chairman.

Mr. Leader, we are pleased to have you here, and we appreciate your presentation. The Results Act was passed with broad bipartisan support because we want to make Government more efficient. That is a goal that we all share.

I was struck by how Congress would rate if the same criteria were applied to us. One of the goals of the Results Act is to eliminate waste and duplication. In your report, Mr. Armev, you noted that, and I am going to quote: "The Federal Government is plagued by duplication and program overlap. We cannot afford to have multiple agencies doing essentially the same thing, or working at cross-purposes with one another. Departments seem rarely to coordinate within their own walls, much less coordinate with other agencies. As a result, duplication of program overlap in the Federal Government are widespread."

That is a distressing reality, but I want to draw your attention to the Congress, because our committee is doing a campaign finance investigation, and Senator Thompson is doing a campaign finance investigation; the Justice Department is doing one; we have the independent counsel, Kenneth Starr, conducting similar inquiries. As Representative Condit has repeatedly pointed out, this duplication wastes millions of taxpayer dollars; but, this isn't the only example.

Last week, Chairman Burton issued subpoenas to the International Brotherhood of Teamsters in the Ron Carey campaign. Now, it is, of course, important for Congress to investigate this, but we have Senator Thompson investigating it; we also have in the House, Representative Hoekstra, who is the chairman of the Education and Workforce Committee's Oversight and Investigation Subcommittee. He is conducting an investigation, and he has already held two hearings on this issue.

There are more examples of duplication. Now, both the House and the Senate are investigating why the White House did not discover the Clinton videotapes any sooner, and Chairman Burton said he intends to depose as many as 60 witnesses. It is appropriate to investigate, but Chairman Thompson's investigation is virtually identical; he is deposing the same witnesses, with the same questions, and reviewing the same documents.

One of the frustrations for many Members of the minority is this double standard that the Republicans seem to be following, and I want you to comment, because we have a lot of concern about duplication in the agencies, but we seem to ignore duplication activities under our own roof. I, for example, sent a letter to the Speaker saying, "Why don't we have one committee, House/Senate, to do the campaign and finance investigation?" I never even got a response

to that letter. The majority spent \$40,000 in this committee to create a data base, and rather than share it, the minority had to go spend \$40,000 to recreate the data base. Recently, our committee had staff go out to get computer disks. They took 2 days to do it; spent hundreds of taxpayer dollars. In fact, it was a total of six working days, and staff time was wasted, because they could have easily had this mailed to our committee.

Now, you supported the Congressional Accountability Act, as did I, that forced Congress to live under the same laws we impose on the private sector; it is just as easy to waste taxpayers' money if it is somebody else's money, whether it is at the administrative branch or the legislative branch, it appears. I am wondering if you think the American people would benefit if the Results Act were applied to Congress, as well, so Congress was held accountable for achieving results efficiently, in the same way we are trying to hold agencies accountable—a goal I think we would want for both institutions.

Mr. ARMEY. I appreciate your observation. I might first make this point: The entire House and one-third of the Senate is held accountable every 2 years to the American people at the polling place.

We have divisions of authorities and responsibilities, and it is a fascination to watch it. It all began with the Founding Fathers having created a bicameral legislator along with an executive branch. I have looked at that, and I generally applaud the wisdom of the Founding Fathers. On occasions, when I look at the Senate, I wonder if perhaps maybe a unicameral legislature might have been a better idea, but there is a House; there is a Senate; they will do that. Within our respective bodies we do have divisions of authorities and responsibilities, and it is often contested. I am just sitting here looking at Jack Brooks' portrait. Only last night we watched Jack Brooks and John Dingell musing about their many lively battles over jurisdiction over the years. Certainly, the sense of multiple jurisdictional rights and obligations among the different committees of the House is not a new game; it has been going on since long before I was here, and I suspect it will go on long after I was here.

The last election cycle, I believe, probably did, in fact, generate enough oversight and investigation opportunities to keep just about everybody you have cited fully employed for a long time. So, it just seems to me that what we have found is the House with its apparatus, the Senate with its apparatus, and the Justice Department with its apparatus. I've said, if we all swing full-time, full into gear, we might be able to cover all the ground that is out there for us to look at.

Mr. WAXMAN. Mr. Arme, you advised us that we should be patient and impatient, but I think you are being too patient when we are wasting the taxpayers' dollars in the Congress, while you are impatient with the executive branch. I think we ought to be impatient wherever we see taxpayers' dollars wasted. I appreciate your answer.

Mr. ARMEY. I appreciate that, and also I should acknowledge that I have been very patient with the tone of your question, too; so it was evened up.

Mr. WAXMAN. Well, I think that's appropriate, because you are making a presentation to the committee and each of us can ask questions, and I think it is a legitimate question I raised with you.

Mr. ARMEY. I do.

Mr. BURTON. We thank the gentleman.

We have a vote on the floor; it is going to be followed, I understand, by final passage, I believe—I can't read your writing, but anyhow it's going to—[laughter]—we have to teach these young people how to write. Did they take penmanship in your school? Oh, you wrote that, OK. [Laughter.]

That's a college professor.

The House—the House, see, you've got me thinking as the Speaker. The committee will stand in recess for about the next 10 to 15 minutes.

[Recess.]

Mr. BURTON. The committee will come back to order. I want to apologize for the apparent confusion. There is going to be another vote on the floor in just a few minutes, and as a result, some of the Members are staying over there for the vote. What I think we will do is go ahead and start with Mr. Raines. If you don't mind, Mr. Raines, we will get you sworn in and start receiving your testimony, and then as the vote takes place, I will go over and vote and have Mr. Horn take the Chair, while I am gone, or Mrs. Morella, one of the two. So, while you are standing, let me swear you in.

[Witnesses sworn.]

Mr. BURTON. Thank you. Do you have an opening statement, Mr. Raines?

**STATEMENT OF FRANKLIN RAINES, DIRECTOR, OFFICE OF
MANAGEMENT AND BUDGET**

Mr. RAINES. Yes, Mr. Chairman, with your permission I would like to make a few brief remarks, and I have a written statement that I would like to have placed in the record.

Mr. BURTON. Without objection.

Mr. RAINES. Thank you.

Mr. BURTON. Can you pull the microphone a little bit closer to you, Mr. Raines, please?

Mr. RAINES. Sure. I am pleased to be here this afternoon to testify on the implementation of the Government Performance and Results Act [GPRA]. If I may, let me start by first acknowledging the strong support we received in implementing this act from this committee, and particularly the Subcommittee on Government Management, chaired by Mr. Horn.

As you may know, Mr. Chairman, the majority leader and I have become regular correspondents on the Results Act. And I know this is his second appearance this year before your committee, which is evidence, I believe, of his commitment and interest in making this act work for the Federal Government and the American people. We appreciate and welcome his interest, because, frankly, neither OMB nor the agencies collectively can make this act work if Congress is not engaged.

Let me also acknowledge Jim Hinchman's leadership and his staff at GAO, who have worked extensively on GPRA for many months with both Congress and ourselves on GPRA.

This afternoon I am pleased to report that we are on schedule with the implementation of the Results Act across the Government. The first real products of the law are at hand, and this is an opportune time to assess where we are, and what lies ahead.

Let me briefly review what the Results Act requires of agencies at this point. The deadline for agencies to send their strategic plans to Congress and OMB was exactly 1 month ago. These strategic plans describe what an agency will do and how it will do it. A strategic plan charts both a course of action and a level of accomplishment for each agency through the first years of the next century. Taken together, the strategic plans describe what our National Government intends to do and accomplish over this period. They are also the foundation for the annual performance plans, which set out specific goals that an agency will achieve in a fiscal year.

Strategic plans from every major Cabinet agency, 95 in all, were sent to Congress and OMB 4 weeks ago. We made a commitment earlier this year to deliver agencies' strategic plans that were both timely and compliant with the statute, and we have delivered on that commitment.

Getting these plans done and delivered on time was no minor achievement. These plans are the product of a lot of hard work in the agencies, and they also reflect a significant effort of the staff at OMB, and many staff here on Capitol Hill during agency consultations.

The first set of agency annual performance plans have been received by OMB. These plans are for fiscal year 1999, and we are currently reviewing and using them as we prepare the President's budget for the next fiscal year. The annual plans contain measurable goals of what will be accomplished in a particular fiscal year. To a large extent, the goals will describe the progress, often incremental, the agency is making in achieving the long-term goals and objectives that are set out in its strategic plan. And as part of our review of these plans, we are analyzing the agencies' capacity to collect data to support goals.

Annual plans define what we will get for the money we will spend, not only in terms of Government products, services, and benefits, but how well these are sustained, produced, and delivered. In these annual plans, the performance goals and the target levels for those goals are matched to the budget request of the agency. Agencies will make any necessary changes to the performance goals later this year to reflect the President's decisions on their budget request. Next February, after the President transmits his budget to Congress, the agency annual performance plans will be sent to you.

The strategic planning required by the Results Act is simple in concept, but difficult to do well. OMB's own experience spans 2 years, and involved, in some manner, nearly all of OMB's staff. When we committed to the delivery of timely and compliant strategic plans from the agencies, we also predicted that all the plans would not be of uniformly high quality. Some are better than others, and that is to be expected.

For every agency, the development of these plans has been an iterative process. The initial drafts were usually incomplete; various plan elements often were mismatched; and goals were poorly

described. But with each successive version, the plans improved. Perseverance and hard work paid off.

Each plan became better in different ways, so it is very difficult to make any universal characterizations about where changes occurred or why. Certainly, improvements in the style and clarity of presentation were widespread. Perhaps the most prevalent problem was the difficulty agencies had in describing the linkage between their annual performance goals and their long-term goals. Over this past summer, as agencies prepared their fiscal year 1999 performance plans containing their annual goals, this led to a marked improvement in the descriptions of this linkage.

As I noted earlier, we believe that all the plans now address the required elements for a strategic plan. GPRA requires that strategic plans be revised and updated at least every 3 years. OMB's guidance allows agencies to make minor adjustments to a strategic plan in interim years and to use the annual performance plan to identify and describe the minor adjustments. A strategic plan should be a dynamic document, not set in stone, so that it fails to reflect significant changes that have occurred or are emerging, and not ever-changing in its revisions so that it is useless as a means of managing or directing any program.

This first set of strategic plans is not the only set of strategic plans that agencies will produce under the Results Act. We should expect that these plans will be refined, enhanced, and be a better product in the future. GPRA does not intend that strategic plans be hollow instruments. For the first time, agency strategic plans are translated, on a yearly basis through the annual performance plans, into a program of action and accomplishment funded by the budget. The best test for the quality of these strategic plans will be found in the annual performance plans you receive next February, and how well these annual plans move the agency toward achieving its long-range goals and objectives, and, ultimately, its mission.

The Results Act requires agencies to consult with Congress when developing a strategic plan. It also allows stakeholders, customers, or other agencies, to provide the agency with their views on the plan. This GPRA provision made development of strategic plans a very open, public process.

OMB required each agency to summarize its consultation and outreach in its letter transmitting the strategic plan to Congress. And this letter was also to include a summary of any substantive and germane views that disagreed with the programmatic, policy, or management course of action presented in the submitted plan. These requirements helped underscore the importance of the consultation process in the course of plan development.

For most agencies, the congressional consultation was quite extensive, especially with the House committees and the various intercommittee teams that were established to facilitate consultation. Agencies generally have reported that this consultation was constructive and helpful, and has led to improvements in their plans.

With GPRA, we have the opportunity to change the nature of the conversation from one which now focuses on how much money we are providing, or inputs, to one oriented more toward what the

money will buy, or outcomes. Examples of such an outcome is: lowering the number of highway traffic deaths. Results from GPRA performance measurement pilot projects also show how this can work.

Budgeting under the regimen of the long-term Balanced Budget Agreement is essentially a zero-sum game. Within the discretionary spending cap, choices about which programs receive funding increases, remain level-funded, or shrink, should increasingly be governed by performance. While performance will never be the only element in the process, analysis of performance should become a major factor in decisionmaking. We are mindful that in our use of performance information when making budget decisions, that that will never be the only relevant factor. Policy judgments will continue to be a factor, and in some cases, the prevailing factor.

We must avoid using GPRA only as a budgetary cleaver. One response to poorly performing programs may be to cut or eliminate resources, but perhaps with more money allocated differently, or new managers, or a different management approach, performance of these programs would improve. When faced with poor performance, we must first understand the reasons for it, and then apply the appropriate remedy. If the automatic consequence of poor performance is to end the program, then soon the only performance reported will be good performance—not that every program will, indeed, be effective and efficient, only that the reports will indicate such. So, it will be important for us to be discerning and critical in our assessment of program performance, and prudent in the courses that we take.

Mr. Chairman, that concludes my statement, and I would be pleased to respond to any questions that you or other members of the committee might have.

[The prepared statement of Mr. Raines follows:]

**STATEMENT OF
FRANKLIN D. RAINES
DIRECTOR
OFFICE OF MANAGEMENT AND BUDGET
HOUSE COMMITTEE ON GOVERNMENT REFORM AND OVERSIGHT
OCTOBER 30, 1997**

Mr. Chairman, members of the Committee, I am pleased to testify today on the implementation of the Government Performance and Results Act (GPRA).

GPRA, or as it is now often called, the Results Act, became law in August 1993, and we are presently on schedule with its implementation across the government. The first real products of this law are at hand, and this is an opportune time to assess where we are and what lies ahead.

Agencies began their efforts four years ago. While this may seem to be a long time, the Congress wisely provided this period for both preparation and change. Certainly, few, if any, other recent laws have such potential for altering the landscape of government management and affecting what the government does for the American people. These changes are not made quickly, nor will they be done perfectly the first time around.

We appreciate the continuing focus by the Congress on this legislation and how it is being carried out. And while we should not underestimate the prospective impact of this law, any impact will be muted without the support of Congress in its implementation.

In this regard, let me acknowledge the very substantial effort made by this chamber over the past year in working with us and the agencies in getting implementation underway. I particularly wish to thank the Majority Leader for his continuing interest and leadership of your effort. I would like to thank Acting Comptroller General, Jim Hinchman, for the work of the General Accounting Office as well.

Let me briefly review what the Results Act requires of agencies at this point.

Strategic Plans

By September 30, 1997, agencies were to transmit strategic plans to Congress and OMB. These strategic plans define the agency's mission, and describe how the agency intends to carry out this mission. The plans contain long-term goals and objectives, and indicate the means and strategies agencies expect to use and apply in achieving their goals and objectives. In short, the plans describe what an agency will do and how it will do it. The strategic plan also includes several other elements, such as an identification of those factors, outside the agency and beyond

its control, that might affect achievement of its goals and objectives.

A strategic plan charts a course of action and level of accomplishment for each agency throughout the remainder of this decade, and into the next. Collectively, they describe what our national government intends to do and accomplish. They also form the foundation for the annual performance plans, which set out agency performance levels for each fiscal year.

Ninety-five agency plans, including plans from all the Chief Financial Officers Act agencies, were sent to Congress and OMB on or about September 30th. From the standpoint of the Executive Branch, we made a commitment earlier this year to deliver agency strategic plans that were both timely and compliant with the statute. I believe we have delivered on that commitment.

The totality and scale of this planning effort is without precedent in the American experience, -- either public or private. Approximately ten trillion dollars in Federal spending, and over four million civilian and postal employees as well as military personnel, are covered by these plans.

Annual Performance Plans

The first set of agency annual performance plans has been received by OMB. These plans are for fiscal year 1999, and are currently being reviewed and used by OMB staff as we prepare the President's budget for the next fiscal year.

The annual plans contain measurable goals of what will be accomplished in a particular fiscal year. To a large extent, the goals will describe the progress, often incremental, the agency is making in achieving the long-term goals and objectives that are set out in its strategic plan.

Annual plans define what we will get from the money that we will spend. Not only in terms of government products, services, and benefits, but how well these are sustained, produced, and delivered, and the effects and consequences of our programs on the nation and the world. As such, they are the essence of the Results Act.

Performance goals and the target levels for those goals are matched to the budget request of the agency. Agencies will make any necessary changes to their performance goals and target levels later this year to reflect the President's decisions on their budget request. Next February, concurrent with the transmittal of the President's budget, the agency annual performance plans will be sent to Congress.

The agency program performance reports for fiscal year 1999, which compare actual performance to the goal levels in the annual performance plan, are to be submitted to Congress by March 31, 2000.

The Strategic Planning Experience

The strategic planning required by the Results Act is simple in concept, but difficult to do well. OMB's own experience -- as Mr. G. Edward DeSeve, OMB's acting Deputy Director for Management, stated before Mr. Horn's subcommittee several weeks ago -- spanned two years and involved, in some manner, nearly all of OMB's staff.

When we committed to delivery of timely and compliant strategic plans, we also predicted that all the plans would not be of uniformly high quality. Some are better than others, and that is to be expected. Some agencies had prior experience in strategic planning; for many, this was their first plan ever. Some agencies had on-board staff who regularly helped prepare strategic plans; others lacked this capacity.

There is no 'right way' to prepare a strategic plan. Agencies were free to use different approaches, and did so. While requests were made of OMB that we prepare a model or template plan as a reference for the agencies, we chose not to do so. We believe that an illustrative, exemplary plan would capture only how information is presented, and not the dynamic or substance of how an agency developed its plan.

For every agency, the development of these plans has been an iterative process. Initial drafts were usually incomplete, various plan elements often mismatched, and some goals poorly described. But with each successive version, the plans improved. Perseverance and hard work paid off.

Each plan became better in different ways, a circumstance not lending itself to universal characterizations. Improvements in the style and clarity of presentation were widespread. Most agencies had difficulty describing the linkage between their annual performance goals and their long-term goals. Over this past summer, as agencies prepared their fiscal year 1999 performance plans which contain the annual goals, their ability to describe this linkage improved markedly. And as I noted earlier, we believe that all the plans now address the required elements for a strategic plan.

GPRA does not intend that strategic plans be hollow instruments. For the first time, agency strategic plans are translated, on a yearly basis through the annual performance plans, into a program of action and accomplishment funded by the budget. These are real products with real consequence. The best test of the quality of these strategic plans will be found in the annual performance plans you receive next February, and how well these annual plans move the agency toward achieving its long-range goals and objectives, and, ultimately, its mission.

The Results Act did not provide for pilot testing of strategic plans, as it did for annual performance plans. However, several performance plan pilot projects indirectly served as a test of the need for strategic plans. These pilots had great difficulty in defining their performance goals because of uncertainty within the agency over what should be accomplished and thus what should

be measured. A lack of strategic direction impeded their selection of annual goals.

Recognizing that strategic plans, particularly for larger agencies, would require many months to prepare, OMB began developing the guidance for the preparation and submission of these plans in January 1995, two and a half years before the plans were due. This guidance was a collaborative effort involving over 25 agencies. The guidance was issued in September 1995, a full two years in advance of the submission date, and remains largely unchanged today.

Prior to issuing the strategic planning guidance, OMB had begun placing a greater emphasis on providing and using performance information in the course of preparing the President's budget. This focus on performance built on long-standing practice at OMB, but grew with the fiscal year 1997 budget, and will be at a high level this Fall as we work on the fiscal year 1999 budget. With this emphasis, we were able to introduce changes in how information was developed and used in the budget process, and call on agencies to begin thinking about the information they would be including in their annual plans for fiscal year 1999.

OMB also anticipated a need to engage the agencies on an ongoing basis as strategic plans were drafted. During the Summer of 1996, OMB did a special review of agency strategic plans in their developmental or preliminary state. This was followed by another focused review of the draft strategic plans in the Spring of this year. These reviews led to several generic conclusions on progress and problems, both across the government and for individual agencies.

An agency's strategic plan cannot be written by the staff for the staff. Without active participation by senior agency leadership in plan development, questions will arise about the extent of agency and leadership commitment to carrying out any plan. GPRA is largely about how programs are executed, not how they are formulated. While some perhaps may see their primary role as that of creating policy, not being attentive to how well policies are administered and implemented can effectively nullify any policy.

Congressional consultation and views of interested and potentially affected parties

The Results Act requires agencies to consult with Congress when developing a strategic plan, and also allow interested or potentially affected parties, such as states, stakeholders, customers, or other agencies, to provide the agency with views on the plan. This GPRA provision made development of strategic plans a very open, public process. No agency exists unto itself, and moving beyond organizational walls to learn what others expect, or to understand other views, can only help an agency define what it should be doing, and how well.

OMB required each agency to summarize its consultation and outreach in its letter transmitting the strategic plan to Congress. This letter was also to include a summary of any substantive and germane views that disagreed with the programmatic, policy, or management course-of-action presented in the submitted plan. These requirements helped underscore the importance of the consultation process in the course of plan development.

For most major agencies, the Congressional consultation was quite extensive, especially with the House committees and the various inter-committee teams that were established to facilitate consultation. Agencies generally have reported that this consultation was constructive and helpful, and has led to improvements in their plans. Most observers will conclude that the interest shown by Congress both in consultation and implementation is underscoring to the agencies the importance of their producing good, useful plans.

I would like to note that while the statute requires consultation on strategic plans, there is no counterpart provision regarding annual performance plans. The annual plans sent to OMB in September are integral with the agency's budget request, and are used in preparing the President's budget. Agencies may discuss with individual committees the kinds of annual performance measures that they expect to include in their plans, although they are precluded from providing specific, budget-related values for these measures.

OMB is responsible for preparing an annual government-wide performance plan that is required to be part of the President's budget, starting with the budget for fiscal year 1999. I know there is interest in the Congress on what this plan will contain. We would be happy to discuss with you the general format and content of the plan, although specific material in the plan related to the budget must await the President's transmittal of his budget to Congress.

Future Strategic Plans

GPRA requires that strategic plans be revised and updated at least every three years. OMB's guidance allows agencies to make minor adjustments to a strategic plan in interim years, and to use the annual performance plan to identify and describe the minor adjustments.

A strategic plan should be a dynamic document, -- not set in stone so that it fails to reflect significant changes that have occurred or are emerging, and not ever-changing in its revisions so that it is useless as a means for managing or directing any program.

This first set of strategic plans is not the only set of strategic plans that agencies will produce under the Results Act. We should expect that these plans will be refined, enhanced, and a better product in the future. Features may be added, and coverage expanded. Allow me to offer some thoughts and several cautions in that regard.

We recognize there is much interest in having the strategic plans address areas such as cross-cutting programs, management problems, and information system and data capabilities. These areas, as well as descriptions of an agency's reliance on tax expenditures or regulation to help achieve its goals, can currently be included in the strategic plans. Some view the coverage of these areas in many current plans as not being sufficiently extensive.

We expect that agency strategic plans should form the basis for a cross-cut presentation. With the strategic plans in hand, we are now more able to examine linkages and synergies

between various agencies with complementary programs and activities in the same functional or cross-functional area. For example, the State Department developed and sent to Congress a strategic plan covering the international affairs function. The government-wide performance plan for fiscal year 1999, required by GPRA to be part of the President's budget, will present performance goals for budget functions. We intend also to have OMB's Spring Review next year focus on performance goals for cross-cutting programs, and future plans, both strategic and annual, should include more cross-cutting information.

Agencies should address mission-critical management problems in their strategic plans. It is important they do so, because such problems, if uncorrected, are likely to impede achievement of the long-term goals and objectives of the agency. However, we must take care and not convert the strategic plan, with its main focus on programs and program execution, into a document that is a largely a litany of management-related issues and concerns. By concentrating on those programs or operations that have management problems, we could lose sight of the many programs that do not and what they are accomplishing.

We expect that the annual performance plans, which are required to contain descriptions of how performance measurement data will be verified and validated, are the appropriate means for assessing the adequacy of agency data collection capabilities.

We must be careful, at this stage of GPRA implementation, to not ask too much of the agencies or this law. The Results Act was carefully crafted to be both simple and broad, allowing its provisions to be adapted and expanded to bring in other governmental initiatives and requirements. This flexibility might be lost if we begin detailing in an overly precise way what is to be included in these plans, for, if only by inference, such a list would be judgmental about what is important in the conduct of programs and the management of government.

In our May, 1997 Report to Congress on the implementation of the Results Act, we offered no recommendations for changing this Act at this time. Our belief then, as it is today, is that it is premature to determine what changes might be needed or useful, until we can review the value and use of this first set of strategic and annual plans, and the experience of the agencies in producing them.

What Will be Different Under the Results Act

With GPRA, we have the opportunity to change the nature of the conversation from one which now focuses on how much money we are providing, or inputs, to one oriented more toward what the money will buy, or outcomes. Examples of such an outcome is "lowering the number of highway traffic deaths." Results from the GPRA performance measurement pilot projects also show how this can work. The Coast Guard rethought its approach to safety, and began emphasizing the human factor rather than vessel inspection. The new approach resulted in a substantial reduction in the number of job-related deaths in certain maritime industries, and saved resources as well.

Budgeting under the regimen of the balanced budget agreement is a zero-sum game. Within the discretionary spending cap, choices about which programs receive funding increases, remain level funded, or shrink, should increasingly be governed by performance. While performance will never be the only element in the process, analysis of current and projected performance should become a major part of decision making.

We are mindful that our use of performance information when making budget decisions will never be the only relevant factor. Policy judgments will continue to be a factor; in some instances, the prevailing factor.

We must avoid using GPRA only as a budgetary cleaver. One response to poorly performing programs may be to cut or eliminate resources – but perhaps with more money allocated differently, or new managers, or a different management approach, performance of these programs would improve. When faced with poor performance, we must first understand the reasons for it and then apply the appropriate remedy. If the automatic consequence of poor performance is to end the program, then soon the only performance reported will be good performance. Not that every program will indeed be effective and efficient, only that the reports will indicate such. So it will be important for us to be discerning and critical in our assessment of program performance, and prudent in the courses that we take.

Mr. Chairman, that concludes my statement. I would be pleased to respond to any questions that you or the other members of the Committee may have.

Mr. BURTON. Thank you, I want to ask you a couple of questions, Mr. Raines, before I have to run and vote. The first one is, you eluded to the prospect that there might be some budget cuts for agencies that do not perform well, or do not report in accordance with the Results Act in a timely fashion. That is one of the things that's a possibility because the leadership of the House, and I think in the Senate both, are very concerned that the Results Act be followed in a really fair and timely manner.

Now, one of the things that I was going to ask you is this act was passed in 1993, and I was looking at the comparisons between the first time we issued a report and now, and while there has been some improvement, there has not been any really marked improvement, except possibly in the Department of Transportation, Department of Education, NASA, and maybe the National Science Foundation. Other than that, there has been marginal cooperation from these agencies. Have you talked to them and really pushed them to comply with the Results Act?

Mr. RAINES. Mr. Chairman, from the beginning of my tenure in this job, this has been a continuing theme of mine when I talk to agency heads. I have talked to the Cabinet about this. I have talked to the CFO Council about it. I am somewhat of a broken record on the subject that performance in not only performing—performance on the GPRA requirements, but performance itself will be very important factors in any recommendations that we make comparing funding.

Mr. BURTON. Well, that being the case, if they are not listening to you, and you're the fellow they ought to be listening to, what do we have to do to get their attention? I mean, do we have to use the budgetary bludgeon to get their attention? Do we have to cut spending in some of these programs because we are simply not getting compliance in the Results Act?

Mr. RAINES. Well, Mr. Chairman, I actually think you are getting their attention. It's a big government, and it has many masters, and getting the attention of the Government in a way that changes behavior is not easy. And I would say that if you compare the implementation of the Results Act to prior efforts to guide Government decisionmaking—ranging from program budgeting, program planning and budgeting systems back in the 1960's, to zero-based budgeting in the 1970's, to management by objectives in both the 1970's and the 1980's—I believe that the GPRA process will stack up well against those, if you look at the real effect on the permanent Government, not simply the things that might be said by appointed officials. If you look at how much it is beginning to seep into the permanent Government, to the folks who will be here no matter what administration is in power—

Mr. BURTON. Career employees.

Mr. RAINES. I think it is beginning to make a difference, and that is—

Mr. BURTON. Well, I hope that you'll convey, at least from the Chair of this committee, that we are very serious about that, and the leadership in the House and I believe the Senate are very serious about that. And if some of the Cabinet officers are not able to convey to their subordinates in these various agencies regarding compliance, they are very likely to see some attempts to make

some adjustments in their budgets, so that we will get their attention.

With that, Mr. Horn, would you take over the Chair? Thank you very much.

Mr. RAINES. Thank you.

Mr. HORN [presiding]. We appreciate your coming, Director. Let me just go through a few questions with you. Given the discussion that you heard following the questions to the majority leader and given some of the majority leader's comments, what's your thinking on requiring revised strategic plans next year, or every year? How do you feel about it? We have heard of 5-year plans in the Soviet Union, and 5-year plans in the People's Republic of China. They were rather rigid plans, and the question would be, what's your reading now, as you have looked over a number of these plans?

Mr. RAINES. Well, my view is that strategic plans should not change dramatically over short periods of time; otherwise, they cease to be strategic plans, and they simply become tactical documents that are being changed to meet the pressures of the day. I would put far more emphasis on the annual performance plans. This is where an agency is committing to actual performance within a relevant period that managers on the ground can effect. Those plans can be crafted to meet changing conditions as they may appear.

Now, of course, there will be a need to update strategic plans. The President, no doubt, will establish priorities that may not have been thought as being priorities earlier by an agency. Congress may pass a major piece of legislation establishing a brand-new priority. So there will have to be an evolution.

Just an example: In the Balanced Budget Act, the Congress created a new program for children's health that will reduce the number of kids who do not have health care coverage. It was a major priority to the President, it was included in the budget negotiations, a brand-new program. If we had had a strategic plan outstanding, of course, that plan would have to be modified to take that into account. But I would discourage effort going into annual modifications of the plan, because I think that it does detract from the plan, and for another reason. I have set as my highest goal in this job not getting our planning right, or our budgeting right, but getting our execution right. I think that we have an imbalance in the attention by top-level officials between execution, planning, and budgeting. So I would like to try to move their attention more toward execution and implementation, and I would hate to see a planning process consume all their time, and prevent them from focusing on execution.

Mr. HORN. As you have reviewed these plans, did any particular form of measurement as to the progress the agencies and Congress and you and the President would see—how much progress has been made? Did there seem to be any standard that made some sense to you that might be applicable across a number of agencies?

Mr. RAINES. Well, I think the plans, they were different, and I think, quite frankly, the test that we applied to them varied. For example, the scorecard the House used included some categories for which the agencies did not know were going to be categories they would be judged by. But on the other hand, a number of agencies

responded to those categories and they produced a plan; their final plan encompassed some of the items that those categories covered, and therefore, was responsive to an interest that the House, in particular, had in those matters. And, so, I think it varies generally.

We even tried to encourage the agencies to look at other agencies' plans to compare them to see when people say one plan is a good plan and theirs isn't quite as good, what does that mean? In fact, just a couple of weeks ago I met with the budget officers from the major agencies, and went through with them our impressions of their plans, as well as our impressions of the budget submittals they just made. The obvious purpose of that is that we would like to see a little competition going on among the agencies to see who gets recognized for having a sound and solid plan, because, I think those kinds of things will help have continuous improvement in the agencies responsiveness.

Mr. HORN. Should agencies have satisfaction surveys that go to their clientele, as to how they have been treated, how their satisfactions are? That would be normal practice in many organizations. What do you feel about applying that to the executive branch?

Mr. RAINES. Oh, I think that measuring customer satisfaction is an important management tool, and particularly where the customer is the general public. I think it is a very valuable tool and a necessary tool. Indeed, a number of agencies already try to measure customer satisfaction. It has been a major part of the National Performance Review in the effort to improve customer service, is to ensure that they actually ask the customer how they are perceiving the service, and not simply measuring against the agency's own internal process.

Mr. HORN. When I was in the California State University system as a president, I worked for 5 years to get our trustees to adopt almost what New Zealand is doing. That was to have your executives on a campus, say 110 in the management class, 4 or so different classes, get rid of the civil service positions we had inherited from the Federal Government, because they made the mistake of hiring people from the Civil Service Commission when they were founding that establishment. And we went to employment contracts, and we went to a broad salary scale between \$20,000 and \$100,000 with overlaps in broad categories, and in the contracts we spelled out: What are you going to accomplish this year in terms of either regular initiatives, and how do we know, and other additional initiatives? Do you think that would be a useful way to go in the Federal Government, with either the Senior Executive Service, or everybody down through the lowest management level, which could be a 9, 12, 14 even, given the situation and how they are organized? What do you feel about that?

Mr. RAINES. Well, I think there ought to be a close connection between the performance plan and the annual assessment of employee performance. We need to establish, at the beginning of the year, what the expectations are, have those tied to the performance plan, and then when we measure how the agency did, to see whether or not that individual manager was making the kind of contribution that was required. It is too frequent, in both Government and business organizations, as well as in nonprofit organizations, that the organization doesn't do well, but everybody gets very high rat-

ings. And, so I am a believer of tying these together. Indeed, within OMB we have made it very clear that with our own strategic plan and performance plan that will be tied to our rating process and to our annual awards and bonus process, and we will be looking at that through our entire process, because I strongly believe you have to—if these incentives are to work, you have to run them through your entire performance review system.

Mr. HORN. When Mr. Koskinen was up here for his last appearance, I asked him, how many people within OMB are concerned with management or involved in management advice? He said, “Oh, 540.” I assume that is your full personnel strength. I thought that answer—and I told John that—was nonsense. And the question is, how many people in OMB are directly concerned with management issues and can advise Cabinet officers and departments and agencies on management processes?

Mr. RAINES. Well, I think other than overestimating the number of people we have at OMB, I think John was not far from the mark, and let me tell you why. We have taken to heart the integration that OMB 2000 caused in bringing together our management resources and our budget resources into our resource management offices. This was a reorganization that I inherited, but if I hadn’t inherited it, I would have done it myself, having been in OMB before, when we had a fairly strict separation between management and budget. And we have some examples now of how this can be effective.

The thing I have learned in management in the public sector and the private sector is that command and control is not sufficient to induce change in management practices. You need a number of levers to operate, and OMB doesn’t have all the levers I would like, but we do have a few. But they take many forms. In resource management offices, what we are able to do is to use budgets, FTE allowances, determinations on space, regulatory approval process, clearance process on legislation, a variety of tools to ensure that agencies are beginning to turn their attention to what we consider to be the most important management issues.

We’ve begun our Director’s review process, which happens every fall, leading up to our recommendations to the President regarding his budget. I can tell you every one of these reviews is suffused with management issues, and in a way that was never the case when I was in OMB before. So, it is a matter that I think everybody in OMB understands, that in order to be successful, you have to be adept, not simply in analytical methodologies and tools, but you have to know something about management. I have encouraged those who do not feel that they have sufficient grounding in management to seek additional training to work with our specialists in management, who work under the Deputy Director for Management, and indeed to get out of OMB and let’s go visit some places that we think know something about what we are working on.

In fact, I led a field trip like that just a couple of weeks ago to a private firm that was working on a similar problem, and we brought people from the budgetary side, from the regulatory side, from the management side, all of us there trying to learn about different techniques that can be applied to management problems.

Mr. HORN. This committee has spent a lot of time on the year 2000 situation. Who is your person in charge of that to coordinate efforts within the executive branch?

Mr. RAINES. Sally Katzen, who is the Administrator of OIRA, has been ably leading that effort, and has been providing real guidance and leadership throughout the executive branch and throughout OMB to ensure that we get greater and greater attention to solving that pressing problem.

I might even point that as another example in answer to your earlier question. We are attempting to use as many levers as we have in OMB to ensure that agencies pay attention to this problem in a way that not only this committee would like to see us do it, but as the President as well. And those will include ways that we can influence agency behavior regarding their budget resources, as well as influences through our various management counsels.

Mr. HORN. Mr. Davis, 10 minutes on questions for the witness.

Mr. BARRETT. Mr. Chairman, Mr. Chairman?

Mr. HORN. Oh, I am sorry, I am sorry. Mr. Barrett.

Mr. BARRETT. I would hate to have us measure our efficiency of results here. Thank you, Mr. Horn, I appreciate that.

Mr. Raines, welcome.

Mr. RAINES. Thank you.

Mr. BARRETT. We have had a lot of discussion this afternoon about the Results Act, and I am a supporter of the Results Act. I think that it does make sense to set goals and to have expectations that can be met. I think, though, we have gotten a little off-track in our discussion and I am sorry Mr. Arney isn't here, because I would, frankly, rather address some of these concerns to Mr. Arney when he lauded the reauthorization of the ONDCP, an issue that I was involved with quite intimately as a ranking member of that subcommittee, and I would have to say that that is a better example of how the Results Act is misused rather than used. Because I think one of the worst things that we can do is to set standards or set measures or goals that we know we are not going to reach.

This committee reported a bill that said that we would reduce teenage drug use by 90 percent by the year 2002. Frankly, I think that if we are talking about goals, I think that goal is understated. I would love to reduce teenage drug use by 100 percent in the year 2002, but in terms of real reality, I think that we would take a different view if the person whose head was on a chopping block was the chairman of this committee or the majority leader rather than General McCaffrey. I think that the Republican leadership in Congress is more than happy to put General McCaffrey's head on a chopping block, saying that if you don't reach a 90 percent reduction in teenage drug use by the year 2002, you are out of here, but we can wash our hands of it. I don't think that that is leadership; I think that it is political posturing. Fine. If we are going to play political games, we are going to play political games, but I think when you have a situation where the ONDCP calls the targets in the bill arbitrary and unachievable, and then we somehow say this is responsive government, I think is ludicrous.

So, I just think somebody has got to say that, that, yes, it's fine to play these games, and to say we should have these measures—

and I think we should—but I think when the agency itself says it's arbitrary and unachievable, that all we are doing is setting up for a political fight, and if that is what we want to do, that's politics in Washington, I can live with that. But, let's not pose for the holy pictures and say somehow this is good government, when it is basically a dress rehearsal for the 1998 or 2000 elections.

And, I would again daresay that there is no one on this committee who would put their career on the line to say that we will achieve a 90 percent reduction in teenage drug use by the year 2002. I'd love to see it happen, but I think we have to be realistic.

The Department of Defense represents roughly half of all discretionary budget money expended by Congress. Its compliance with the GPRA is therefore very important. Mr. Raines, do you believe that DOD's issued plan adequately addresses the suggested improvements that GAO made in its August 1997 report on its draft plan?

Mr. RAINES. Well, we have concluded that all of the agencies that have sent in plans have met the requirements of the act, but I would say that you would find with all of the plans as well, including the DOD, that there is some variation as against comments the GAO or other commentators may have made. DOD actually has had a strategic plan in process for many years, through its quadrennial review process that has established the goals and objectives for the Armed Forces and through their future years defense plan applied budgetary resources against those goals and objectives, and they have been attempting to drive that down through their organization over the last several years.

So, I would—in direct answer to your question, I think that there—and Jim Hinchman can probably give a better answer to this—I am sure that there are differences between the suggestions that were made and the final effort that the Department put in the quadrennial plan, but I think that the Department has in that plan established the basics necessary for an effective strategic plan for the Department.

Mr. BARRETT. How would you compare the quality of their plan, top third, middle third, bottom third?

Mr. RAINES. Well, we haven't really done a quantitative analysis as the House staff has done, so I don't think I could give you a careful one. I would say that in terms of strict compliance with the GPRA, they are not likely to rate in the highest category, simply because they have such an entrenched system, that getting them to modify that to meet the GPRA's specific requirements is going to take some work. And, I don't think that's all bad. I think that they have been ahead of the rest of the Government in this, and for them to modify their own system to meet the GPRA requirements is going to take some time for them to make that adjustment.

Mr. BARRETT. Thank you. Thank you, Mr. Chairman.

Mr. HORN. You're quite welcome. The gentleman from Ohio, Mr. Portman, and you are presiding.

Mr. PORTMAN [presiding]. Why, thank you, Mr. Chairman. You know it's interesting, I'm the lowest person on the totem pole—

Mr. HORN. Get as close to the bell as you want, but we have some votes beyond that, so we'll be in recess for about 20 minutes.

Mr. PORTMAN. I was going to say that normally when you are the lowest person on the totem pole, you have plenty of time to prepare your questions; in fact, normally you don't get questions. [Laughter.]

This is quite an honor. I'm shocked. [Laughter.]

I am not going to know quite what to do, but, Mr. Director, thank you for being here. I wish my friend Mr. Barrett was going to stay around; maybe he will. OK, thanks. [Laughter.]

Thank you for your time, and I will just ask you a couple of brief questions related really to what Tom Barrett was talking about, and how the standards that might be set for the Office of National Drug Control Policy might mesh with the Performance Act, with GPRA and its requirements. I am supportive of setting goals; I think it makes sense. What those goals are is sort of a matter of some debate, as Mr. Barrett has indicated. Some people believe these goals are overly ambitious, unattainable, and therefore could be used politically. In my view, our challenge is to find goals that are attainable. Certainly, we've had a 75 percent reduction in drug abuse from about 1979 to 1991. If you look back to the 1960's, we have had about a twentyfold increase since then, but we had about 2 percent of the population that was experimenting with drugs. So, there are some standards you can look back to historically where we have made some progress. I, frankly, believe that we are beginning to make some progress now, slow but sure, and it tends to be among the older teenagers.

But, as you have looked at this, and I know you have got 14 Cabinet agencies and a lot of other plans to review, and I do not expect you to be an expert on ONDCP's, but do you think that it does make sense to establish some standards, some goals, and if so, how would you assess the goals that are being proposed by the House at this point?

Mr. RAINES. Well, we clearly believe that establishing goals for the reduction in drug use are important. And, indeed, General McCaffrey, in his performance plan, does establish goals that he believes, and I believe, are aggressive goals that will require an enormous effort, not just by the Federal Government, but by all of American society to achieve. So that we do believe that those goals are important.

We had a concern, and continue to have a concern, with the House bill passed as to whether the goals that are contained in that bill are realistic, and there is a real danger in establishing unrealistic goals, and that is that the people who are expected to achieve them will simply throw up their hands and say, "Well since that can't be done, I'm not going to try to do anything, because I will be judged a failure, no matter what I do." This is something that we are all going to have to pay attention to, whether it's goals that are established by departments in their performance plans or goals established by Congress.

It is one thing to set a high aspirational goal; it is another to set a goal that is so far beyond capability or resources or level of commitment that it becomes simply rhetoric. And, I think that is the thing that we have to watch, and all of us would aspire to have problems completely eliminated, but making dramatic progress on the elimination is the first step. We are not going to make them

go away tomorrow, but if we can have serious progress over the next several years, that's moving us in the right direction. And, as we achieve on the goals, we ought to keep raising the bar, so that we aren't simply aspiring to achieve something we know we can reach; we ought to be reaching a little bit beyond our grasp. But, there is a serious danger that if you have a goal that says you are virtually going to eliminate a problem that has never been eliminated in the history of mankind, that people aren't going to take that seriously, and therefore, they will begin to fall back into old behavior, which is simply to go through the motions, and spend the money, and report how they spent the money, as opposed to how they have actually achieved something.

Mr. PORTMAN. I would not disagree with your overall approach. I think it's actually quite positive that the legislation uses the Results Act—in this case, in a way to set goals on drug abuse, but I think it's inappropriate use of the Results Act, and I assume you would agree with that?

Mr. RAINES. Well, Congress always has the right to set goals. I just am simply saying that we should understand the consequences if the setting of goals is outside of any range of performance we are likely to see. What I would rather see is a good interaction between Congress and the agencies, where Congress may set an aspirational goal and then call upon the agency to specify, how much can you achieve in the next 3 years, 4 years, 5 years? That is the interaction that I would anticipate should happen with the Results Act.

And then in the performance plan you find out, well, how much can you achieve this year, and so you would have a 1-year, a multi-year, and then our aspiration as to where we would like to be, ultimately, as established in the statute.

Mr. PORTMAN. I think if you look at the goals we have set out in this particular area, which is the ONDCP goals, they do not call for elimination or even virtual elimination of drug use. They do call for fairly ambitious goals. Again, I think if you look from 1979 to 1991, 75 percent reduction in teenage drug use, to assume that by 2001 we could have a 60 percent reduction, I think it's about 65 percent reduction from current levels; that may be doable. I just encourage you—I'm sure you already have taken a look at it, but take a careful look as you are reviewing all of these performance goals, and I think you will find that they are not as unrealistic as perhaps you indicated earlier.

The second point that I would make is that I do think that our strategy here is a little bit different than it might be with other agencies, because we really want to give General McCaffrey and ONDCP the tools to do something they have not been able to do previously, and I know that is something that you would be intimately involved with, along with the other agencies, the 50-odd agencies and departments that have some role to play in the drug war. It is not just setting goals given the current parameters, it's setting goals that are relatively ambitious, I would agree, but then giving General McCaffrey and his office, more discretion, more tools at their disposal to try to meet those goals. Certainly, that would mean your working very closely with him to referee all those disputes that would emerge from that.

So thank you for your time. I have got to go run and vote. There are a few other Members who have requested to ask you questions, and the Chair has asked me to ask you whether you could accommodate that request.

We will have a series of votes that may go 20 minutes. That is the goal we will set; it will probably be more like 25 minutes. Would that be possible for you to await their return?

Mr. RAINES. Yes, I do have to get back downtown, but I could be here as late as 4:30 p.m.

Mr. PORTMAN. OK, that has been communicated, I am sure, and we will now stand in recess until such time as the votes are completed. Thank you, Mr. Director.

[Recess.]

Mr. HORN [presiding]. We have problems on the floor this afternoon. There are 16 votes underway, and that will take us 2 hours. So, what I would like to do is have staff, before you leave the room, work out with you a convenient time we can recess this hearing to, so we aren't wasting your time, and not having Members who, frankly, want to be here to ask questions. So, we would appreciate your indulgence on this, and if staff could go down now and try to work out a mutually convenient time that does not conflict with the full committee's investigations next week, and does not conflict with my schedule—so, if you would, bear with us.

And with that, we will recess to a time to be announced by the Chair in the usual manners we have to release when committees are meeting. So, with that, we are in recess.

[Whereupon, at 3:57 p.m., the committee adjourned subject to the call of the Chair.]

[Additional information submitted for the hearing record follows:]

United States General Accounting Office

GAO

Testimony

Before the Committee on Government Reform and
Oversight
House of Representatives

For Release on Delivery
Expected at
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MANAGING FOR RESULTS

Building on Agencies' Strategic Plans to Improve Federal Management

Statement of James F. Hinchman
Acting Comptroller General of the United States



Mr. Chairman and Members of the Committee:

I am pleased to be here today to discuss the strategic plans that agencies submitted to Congress and the Office of Management and Budget (OMB) in September and how Congress and the agencies can build on those plans to more effectively implement the Government Performance and Results Act, which is known as the Results Act or GPRA.

In recent years, governments around the world, including ours, have faced a citizenry that is demanding that government become at once more effective and less costly.¹ These twin demands are the broad forces behind the move to a performance-based approach to management in public sector organizations—the most important effort to improve government management in over a generation.

In my appearance before this Committee last February, I discussed the statutory framework that Congress has established as part of the federal government's response to the public's demands for improved federal management.² That framework, which was enacted under the leadership of this Committee and the Senate Committee on Governmental Affairs, includes as its essential elements the Chief Financial Officers

¹See, for example, Managing for Results: Experiences Abroad Suggest Insights for Federal Management Reform (GAO/GGD-95-120, May 2, 1995); Managing for Results: State Experiences Provide Insights for Federal Management Reforms (GAO/GGD-95-22, Dec. 21, 1994); and Government Reform: Goal-Setting and Performance (GAO/AIMD/GGD-95-130R, Mar. 27, 1995).

²Managing for Results: Using GPRA to Assist Congressional and Executive Branch Decisionmaking (GAO/T-GGD-97-43, Feb. 12, 1997).

(CFO) Act; information technology reform legislation, including the Paperwork Reduction Act of 1995 and the Clinger-Cohen Act of 1996; and the Results Act. If effectively implemented, this statutory framework promises to bring a more disciplined approach to federal management and to provide Congress and agency decisionmakers with vital information to better assess the performance and costs of federal programs.

I said in February that the agency strategic planning and congressional consultation process, which was just beginning at that point, provided an important opportunity to establish the foundation for making the needed improvements in federal management. Over the last several months, as agencies were developing their strategic plans, Congress and agencies have taken advantage of the consultation process to work together. Congress clearly underscored its commitment to the Results Act in the correspondence between the Speaker of the House, the Majority Leaders of the Senate and House, and other senior Members of Congress and the Director of OMB on the Majority's expectations for consultation.

In addition to the many consultations and the feedback provided to agencies, congressional committees, particularly in the House, conducted numerous oversight hearings on agencies' progress in developing strategic plans. Signalling their commitment to improving federal management and implementing the Results Act, the Appropriations Committees have clearly indicated their intention to support and extend the use of agency goals and performance measures during the appropriations process. This should allow

the Appropriations Committees to reap the byproducts of better management and better data for guiding budget decisions.

The active bipartisan engagement of Members and congressional staff unquestionably contributed to the progress that agencies have made in developing strategic plans. On the whole, these plans should prove useful to Congress in undertaking the full range of its appropriation, budget, authorization, and oversight responsibilities and to agencies in setting a general direction for their efforts. Nonetheless, agencies' strategic planning efforts, and more generally the implementation of the Results Act, are still very much a work in progress. The strategic plans that agencies recently provided to Congress and OMB are only the starting points for the broad transformation that is needed to successfully implement performance-based management, and, as expected, difficult implementation issues remain to be addressed.

At the request of this Committee and others in Congress, we have produced a large body of work in recent years that assessed agencies' efforts in beginning to implement the Results Act and highlighted the major implementation challenges that need to be addressed.³ Most recently, Mr. Chairman, you and others in the Majority Leadership asked us to review agencies' draft strategic plans as well as their September submissions to Congress and OMB. In July and August, we issued separate reports on the draft plans

³See, for example, The Government Performance And Results Act: 1997 Governmentwide Implementation Will Be Uneven (GAO/GGD-97-109, June 2, 1997).

that 27 agencies provided to Congress as part of the consultation process. We then issued a report summarizing our reviews of the draft plans, which highlighted the key planning issues that were most in need of sustained attention.⁴ Not surprisingly, many of the key planning issues that emerged, such as the need to coordinate crosscutting program efforts and ensure that data are sufficiently accurate and reliable, are consistent with the Results Act implementation challenges that we had been reporting on for some time. Our reviews of the September plans found that, while some progress had been made in addressing these issues, they likely will continue to challenge agencies' further efforts to implement the Results Act.

SEPTEMBER PLANS GENERALLY INCLUDED REQUIRED ELEMENTS

The Results Act requires that strategic plans include six broad elements—mission statements, general goals and objectives, strategies for achieving goals, a description of the relationship between general goals and annual performance goals, key external factors, and a description of the actual use and planned use of program evaluations. When we reviewed the draft plans that 27 agencies provided to Congress for consultation, we found that all but six of the plans were missing at least one required element and that about a third were missing two of the six required elements. In addition, just over a fourth of the plans failed to cover at least three of the required elements. Moreover, we

⁴Managing for Results: Critical Issues for Improving Federal Agencies' Strategic Plans (GAO/GGD-97-180, Sept. 16, 1997).

found that many of the elements that the plans included contained weaknesses—some that were more significant than others. We noted in our September report that complete strategic plans were crucial if they were to serve as a basis for guiding agencies' operations and help congressional and other policymakers make decisions about activities and programs.⁵

On the basis of our preliminary reviews of major agencies' September plans, it appears that, on the whole, the agencies made a concerted effort during August and September to improve their plans. For example, all of the September plans we reviewed contained at least some discussion of each element required by the Act. And, in many cases, those elements that had been included in the draft plans for consultation were substantially improved. This improvement is in large part a reflection of the dialogue that occurred between the agencies and Congress and is therefore also a reflection of the value of the Results Act requirement for such consultations. These plans appear to provide a workable foundation for the next phase of the Results Act's implementation—annual performance planning and measurement.

⁵GAO/GGD-97-180, Sept. 16, 1997.

CRITICAL IMPLEMENTATION ISSUES REMAIN TO BE ADDRESSED AS EFFORTS
UNDER THE RESULTS ACT PROCEED

As Congress and agencies build on the strategic planning and other Results Act efforts undertaken thus far, our work suggests that several critical issues will have to be addressed if the Results Act is to succeed in improving the management of federal agencies. Among these critical issues are the need to (1) clearly establish a strategic direction for agencies by improving goal-setting and performance measurement; (2) improve the management of crosscutting program efforts by ensuring that those programs are appropriately coordinated; and (3) ensure that agencies have the data systems and analytic capacity in place to better assess program results and costs, improve management and performance, and establish accountability. The forthcoming annual performance planning and measurement and performance-reporting phases of the Results Act provide important opportunities to address these long-standing management issues.

Clarify a Strategic Direction to Guide Daily Operations

It appears that agencies generally have taken the first steps toward establishing a strategic direction in their September plans, which should be useful to agencies as they move to the next phase of performance-based management—that is, performance planning and measurement. However, the strategic plans are still very much works in progress, and agencies will likely need to revisit their strategic planning efforts as they develop the

forthcoming annual performance plans. As agencies develop those plans, they will need to ensure that goals and strategies are appropriate given the current fiscal environment and that goal-setting and performance measurement efforts form the basis for managing program products, services, and daily activities.

We found that agencies need to continue to make progress in refining goals and objectives to better specify the results that they intend to achieve. For example, the Department of Health and Human Services has made progress over the last few months in developing objectives that, for the most part, are results-oriented and measurable. However, ensuring that goals are as results-oriented as they can be and are expressed in a manner that enables a subsequent assessment of whether the goals were achieved is a continuing challenge for agencies and Congress.⁶ As an agency develops its performance plan, which is to contain the annual goals it will use to track progress toward its longer term strategic goals, it likely will identify opportunities to revise and clarify those strategic goals in order to provide a better grounding for the direction of the agency.

In addition, as an agency seeks to further refine its goals, it also will need to ensure that it can articulate linkages between strategies, programs, and initiatives to achieve those goals.⁷ We noted some improvements in the September plans; however, we found that

⁶GAO/GGD-97-180, Sept. 16, 1997.

⁷See Executive Guide: Effectively Implementing the Government Performance and Results Act (GAO/GGD-96-118, June 1996); Agencies' Strategic Plans Under GPR: Key Questions to Facilitate Congressional Review (GAO/GGD-10.1.16, May 1997); as well as

those plans did not always establish clear linkages between goals and strategies. The annual performance plans represent the next chance for agencies to establish such linkages so that agency managers and Congress will be better able to judge whether an agency is making annual progress toward achieving strategic goals.

Thus, as agencies and Congress begin to implement annual performance planning, it will be particularly important to reinforce linkages among goals and activities. Specifically, our work has shown that the successful implementation of performance-based management as envisioned by the Results Act will require agencies to link the goals and performance measures of each organizational level to successive levels and ultimately to the strategic plan's long-term goals so that the strategic goals and objectives drive the agencies' day-to-day activities.⁸ Therefore, agencies' annual performance plans will be most useful if the annual goals contained in those plans show clear and direct relationships in two directions—to the goals in the strategic plans and to operations and activities within the agency.

Concerning the plans' discussions of agencies' operations and activities, in some cases, the September strategic plans improved on the draft plans and now provide a better basis for understanding how the agency plans to accomplish many of its goals. For example, the plan for the Department of Energy (DOE) contains a section on resource

our reports on agencies' draft strategic plans.

⁸GAO/GGD-96-118, June 1996.

requirements that provides a helpful discussion of the money, staff, workforce skills, and facilities that the agency plans to employ to meet its goals. The plan explains that DOE's strategies for its goal of supporting national security are to include changes in the skills of its workforce and in the construction of new experimental test facilities. On the whole, however, agencies' consideration of the resources necessary to achieve goals is one particular area where continuing improvement efforts are needed. The annual performance planning process offers an opportunity for substantial progress in this area.

While some of the plans we reviewed contain separate sections on resources, including financial and human resources, the sections sometimes lack a discussion of information, capital, and other resources that are critical to achieving goals. For example, few plans discuss physical capital resources, such as facilities and equipment. Although many agencies may not rely heavily on physical capital resources, some of those that do, such as the General Services Administration (GSA) and the National Park Service, a component of the Department of the Interior, appear to provide relatively little focused discussion on their capital needs and usage.

Another area that is critical to agencies striving to improve operations is information technology. The government's track record in employing information technology to improve operations and address mission-critical problems is poor, and the strategic plans we reviewed often contain only limited discussions of technology issues. For example, GSA's plan does not explicitly discuss major management problems or identify which

problems could have an adverse impact on the agency's meeting its goals and objectives. The plan does not address, for instance, how GSA plans to ensure that its information systems meet computer security requirements. The lack of such a discussion in the GSA and other plans is of particular concern because without it agencies cannot be certain that they are (1) addressing the federal government's information technology problems and (2) better ensuring that technology acquisition and use are targeted squarely on program results.

Linking performance goals to the federal government's budget and appropriations processes is another area where establishing clear linkages will be especially important as agencies and Congress move to implementation of the annual performance planning and measurement phase of the Results Act. Unlike previous federal initiatives, the Results Act requires agencies to plan and measure performance using the same structures that form the basis for their budget requests.⁹ This critical design element is meant to ensure a simple, straightforward link among plans, budgets, and performance information and the related congressional oversight and resource allocation processes. However, the extent to which existing budget structures are suitable for Results Act purposes will likely vary widely and therefore will require coordinated and recurring attention by Congress and the agencies.

⁹Performance Budgeting: Past Initiatives Offer Insights for GPRA Implementation (GAO/AIMD-97-46, Mar. 27, 1997).

Coordinate Crosscutting Program Efforts

A focus on results, as envisioned by the Results Act, implies that federal programs that contribute to the same or similar results should be closely coordinated to ensure that goals are consistent and, as appropriate, program efforts are mutually reinforcing.¹⁰ This suggests that federal agencies are to look beyond their organizational boundaries and coordinate with other agencies to ensure that their efforts are aligned. We have found that uncoordinated program efforts can waste scarce funds, confuse and frustrate program customers, and limit the overall effectiveness of the federal effort.¹¹

During the summer of 1996, in reviewing early strategic planning efforts, OMB alerted agencies that augmented interagency coordination was needed at that time to ensure consistency among goals in crosscutting programs areas. It appears that the agencies did not consistently follow OMB's advice because the draft strategic plans we reviewed this summer often lacked evidence that agencies in crosscutting program areas had worked with other agencies to ensure goals were consistent, strategies coordinated, and, as appropriate, performance measures similar.

¹⁰Managing for Results: Using the Results Act to Address Mission Fragmentation and Program Overlap (GAO/AIMD-97-146, Aug. 29, 1997).

¹¹GAO/GGD-97-109, June 2, 1997.

Since then, however, the agencies appear to have begun the necessary coordination. Some September plans, for example, often contained references to other agencies that shared responsibilities in a crosscutting program area or discussed the need to coordinate their programs with other agencies. For example, EPA's September plan contains an appendix that lists the federal agencies with which EPA coordinated. This appendix describes the major steps in the coordination process and lists by strategic goal the agencies with which greater integration and review of efforts will be needed. Similarly, the Department of Transportation's plan contains a table that shows the contributions of other federal agencies to each of its major mission areas.

Presentations such as EPA's and Transportation's could be especially helpful to Congress in identifying program areas to monitor for overlap and duplication. These presentations, and similar ones in other agencies' September plans that identify agencies with crosscutting program responsibilities, provide a foundation for the much more difficult work that lies ahead. That work involves moving agencies that share crosscutting program responsibilities to undertake substantive coordination to ensure that those responsibilities are being effectively managed.

The next phases of the Results Act implementation continue to offer a structured framework to address crosscutting issues. For example, the Act's emphasis on results-based performance measures as part of the annual performance planning process should lead to more explicit discussions concerning the contributions and accomplishments of

crosscutting programs and encourage related programs to develop common performance measures. As agencies work with OMB to develop their annual performance plans, they can consider the extent to which agency goals are complementary and the need for common performance measures to allow for cross-agency evaluations. The Results Act's requirement that OMB prepare a governmentwide performance plan that is based on the agencies' annual performance plans also can be used to facilitate the identification of program overlap, duplication, and fragmentation.

If agencies and OMB use the annual planning process to highlight crosscutting program issues, the individual agency performance plans and the governmentwide performance plan should provide Congress with the information needed to identify agencies and programs addressing similar missions. Once these programs are identified, Congress can consider the associated policy, management, and performance implications of crosscutting program issues. This information should also help identify the performance and cost consequences of program fragmentation and the implications of alternative policy and service delivery options. These options, in turn, can lead to decisions concerning department and agency missions and the allocation of resources among those missions.

Build the Capacity to Gather, Process, and AnalyzePerformance and Program Cost Information

To efficiently and effectively operate, manage, and oversee programs and activities, agencies need reliable, timely program performance and cost information and the analytic capacity to use that information. For example, agencies need to have reliable data during their planning efforts to set realistic goals and later, as programs are being implemented, to gauge their progress toward achieving those goals. In addition, in combination with an agency's performance measurement system, a strong program evaluation capacity is needed to provide feedback on how well an agency's activities and programs contributed to achieving its goals. Systematic evaluation of how a program was implemented can also provide important information about why the program did or did not succeed as planned and suggest ways to improve it.

We have cited a 1994 survey that reported on the widespread absence of a program evaluation capacity within the federal government.¹² Therefore, it is not surprising that agencies did not consistently discuss in their September plans how they intended to use program evaluations to help develop those plans. However, of greater concern, many agencies also did not discuss how they planned to use evaluations in the future to assess progress and did not offer a schedule for future evaluations as envisioned by the Results

¹²Managing for Results: Analytic Challenges in Measuring Performance (GAO/HEHS/GGD-97-138, May 30, 1997).

Act. The National Science Foundation's September plan contains a noteworthy exception to this trend. The plan discusses how the agency used evaluations to develop key investment strategies, action plans, and its annual performance plan. It also discusses future evaluations and provides a general schedule for their implementation.

The absence of sound program performance and cost data and the capacity to use those data to improve performance are among the major barriers to the effective implementation of the Results Act. Efforts under the CFO Act have shown that most agencies are still years away from generating reliable, useful, relevant, and timely financial information, which is urgently needed to make our government fiscally responsible. The widespread lack of available program performance information is equally troubling. For example, we surveyed managers in the largest federal agencies and found that fewer than one-third of those managers reported that results-oriented performance measures existed to a great or very great extent for their programs.¹³

Our work also suggests that even when performance information exists, its reliability is frequently questionable. For example, the reliability of performance data currently available to a number of agencies is suspect because the agencies must rely on data collected by parties outside the federal government. In a recent report, we noted that the fact that data were largely collected by others was the most frequent explanation offered by agency officials for why determining the accuracy and quality of performance data was

¹³GAO/GGD-97-109, June 2, 1997.

a challenge.¹⁴ In our June 1997 report on the implementation of the Results Act, we also reported on the difficulties that agencies were experiencing as a result of their reliance on outside parties for performance information.¹⁵

Agencies are required under the Results Act to describe in their annual performance plans how they will verify and validate the performance information that will be collected. This section of the performance plan can provide important contextual information for Congress and agencies. For example, this section can provide an agency with the opportunity to alert Congress to the problems the agency has had or anticipates having in collecting needed results-oriented performance information and the cost and data quality trade-offs associated with various collection strategies. The discussion in this section can also provide Congress with a mechanism for examining whether the agency currently has the data to confidently set performance improvement targets and will later have the ability to report on its performance.

More broadly, continuing efforts to implement the CFO Act also are central for ensuring that agencies resolve their long-standing problems in generating vital information for decisionmakers. In that regard, the Federal Accounting Standards Advisory Board (FASAB) has developed a new set of accounting concepts and standards that underpin OMB's guidance to agencies on the form and content of their agencywide financial

¹⁴GAO/HEHS/GGD-97-138, May 30, 1997.

¹⁵GAO/GGD-97-109, June 2, 1997.

statements.¹⁶ As part of that effort, FASAB developed managerial cost accounting standards that were to be effective for fiscal year 1997. However, because of serious agency shortfalls in cost accounting systems, the CFO Council—an interagency council of the CFOs of the major agencies—requested an additional 2 years before the standard would be effective. FASAB recommended extending the date by 1 year, to fiscal year 1998, with a clear expectation that there would be no further delays.

The FASAB cost accounting standards promise to improve decisionmaking if successfully implemented. These standards are to provide decisionmakers with information on the costs of all resources used and the costs of services provided by others to support activities or programs. Such information would allow for comparisons of costs to various levels of program performance.

Over the longer term, the program performance information that agencies are to generate under the Results Act should be a valuable new resource for Congress to use in its program authorization, oversight, budget, and appropriation responsibilities. To be most useful in these various contexts, that information needs to be consolidated with budget data and critical financial and program cost data, which agencies are to produce and have

¹⁶FASAB was created in October 1990 by the Secretary of the Treasury, the Director of OMB, and the Comptroller General to consider and recommend accounting principles for the federal government. If accepted by Treasury, OMB, and GAO, the standards are to be adopted and issued by OMB and GAO.

audited under the CFO Act.¹⁷ Accountability reports—building on CFO Act requirements—are to bring together program performance information with audited financial information to provide congressional and other decisionmakers with a more complete picture of the results, operational effectiveness, and costs of agencies' operations. For the first time, decisionmakers are to be provided with annual "report cards" on the costs, management, and effectiveness of federal agencies.

In summary, Mr. Chairman, because of the progress that agencies have made in developing their strategic plans over the last several months, these plans generally should provide a workable foundation for the agencies' continuing efforts to move to a more performance-based form of management. Much of this progress appears to have been the result of the active participation of Members and congressional staff in consulting on those plans. While difficult implementation challenges remain, by taking advantage of the consultation process, Congress and the agencies established the basis for continued progress in implementing the Results Act and ensuring that efforts under the Act provide the information that agency and congressional decisionmakers need to improve the management of the federal government.

¹⁷Financial Management: Continued Momentum Essential to Achieve CFO Act Goals (GAO/T-AIMD-96-10, Dec. 14, 1995).

The Results Act establishes an iterative process for performance-based management, with the foundation being the agency's strategic plan. The next step—the annual performance plans—offer the opportunity for Congress and the agencies to continue to clarify goals and ensure that proper strategies are in place to achieve those goals. Agencies' annual plans and the governmentwide performance plan prepared by the President can form the basis for agency and congressional decisionmaking about the best way to manage crosscutting program efforts. Finally, the annual plans, and later accountability reports, provide mechanisms for highlighting and addressing issues centering on the collection and analysis of program performance and cost information.

We look forward to continuing to support Congress' efforts to improve the management of the federal government. Over the last few years, we have issued a number of products on the key steps and practices needed to improve the management of the federal government.¹⁸ These key steps and practices are based on best practices in private sector and public sector organizations. For example, last May we issued a guide for congressional staff to use as they assessed the strategic plans that agencies provided as part of the consultations required by the Results Act.¹⁹ In the coming months, we will issue a companion guide for reviewing annual performance plans. We also will continue

¹⁸See, for example, GAO/GGD-96-118, June 1996; Financial Management: Momentum Must Be Sustained to Achieve the Reform Goals of the Chief Financial Officers Act (GAO/T-AIMD-95-204, July 25, 1995); and Executive Guide: Improving Mission Performance Through Strategic Information Management and Technology (GAO/AIMD-94-115, May 1994).

¹⁹GAO/GGD-10.1.16, May 1997.

to examine the effectiveness of agencies' efforts under the Results Act and will program work on other issues associated with the implementation of the Act.

This concludes my prepared statement. I would be pleased to respond to any questions you or other Members of the Committee may have.

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OMB WATCH

GPRA Process Needs More Stakeholder Involvement

Nonprofit Public Interest Community Not Engaged

The first round of implementation of the 1993 Government Performance and Results Act (GPRA) will be completed September 30, the deadline by which each agency must send a strategic plan outlining its primary goals and objectives to Congress and the Office of Management and Budget (OMB). More detailed performance plans, also required by the Act, should be forwarded to OMB concurrently or soon afterward.

Because GPRA could play an important role in determining future agency budgets and decision making, the law was written to require agency consultation with stakeholders that might be affected by the contents of these plans. Unfortunately, for a variety of reasons, substantial stakeholder involvement does not appear to have occurred.

OMB Watch cautions that this lack of participation should be kept in mind once the details of these plans become known, and recommends that the agencies reopen the strategic planning process immediately and issue revised plans next year, not three years from now (the maximum amount of time agencies may wait under the law). OMB Watch believes that once the specifics of these plans become known, agencies will be more able to involve stakeholders in any future planning process. Stakeholders, moreover, will be in a better position to offer valuable input once they know the details. Issuing new strategic plans more than once every three years will also expedite the inevitable process of trial and error expected in the early rounds of the law's implementation.

OMB Watch also recommends that agencies more systematically involve stakeholders in the design of annual performance plans and in the selection of specific performance indicators. There is evidence that agencies are doing this, but there may be a great deal of variability among the agencies in this regard since stakeholder involvement in the performance planning process, unlike involvement in the strategic planning process, is not specifically required by law. Without stakeholder involvement in the process, agencies might easily replicate the recent troubles at the IRS, where an agency's internal performance standards (in this case, the collection quotas that prompted undue IRS harassment of taxpayers) were clearly at odds with the public interest.

Finally, OMB Watch cautions that if stakeholders are not made a larger part of the process, there is a clear danger that conservative organizations and public officials will use GPRA to downsize government, rather than improve government performance as the law intended.

What Is the Government Performance and Results Act (GPRA)?

The Government Performance and Results Act (GPRA), enacted in 1993, requires federal agencies to develop strategic plans, describing their overall goals and objectives, performance plans containing quantifiable standards measuring their success in meeting those goals and objectives, and program performance reports

describing the agency's success in achieving its standards. GPRA requires agencies to submit their strategic plans to OMB and Congress by September 30, 1997. Performance plans must be developed and submitted to OMB by agencies as part of budget requests for the FY 1999 budget year -- already occurring. Program performance reports analyzing the results of the performance plans are to be published annually, starting in March, 2000. Each of these plans and reports are to be shared with Congress, which is expected to use the materials to help guide budgetary decisions.

Recognizing the importance of this process, including its considerable potential impact on future agency budgets and public policy decision making, Congress directed federal agencies to "solicit and consider the views and suggestions of those entities potentially affected by or interested in" their strategic plans. The extent to which this actually occurred is the principal focus of this analysis.

Determining Stakeholder Involvement in the GPRA Process

OMB Watch contacted four federal agencies to better understand how the stakeholder provisions under GPRA were being implemented: the Department of Education, the Department of Health and Human Services (with a particular focus on the Administration for Children and Families), the Environmental Protection Agency (EPA), and the Federal Communications Commission (FCC). The purpose was not to add additional criticisms to those already leveled at the agency's implementation of GPRA (e.g., by GAO), but rather to offer constructive suggestions to make the stakeholder involvement process more meaningful. Accordingly, OMB Watch did not attempt a complete review of agency efforts in this regard, but merely reviewed those of a handful of agencies to determine what lessons could be learned.

These four agencies were chosen for the following reasons: (1) two (the EPA and FCC) are primarily regulatory bodies and two (Education and HHS) are primarily spending-driven; and (2) two of the agencies tend to deal with better funded public interest organizations (i.e., nonprofit organizations that are not business or trade related) that have significant staff resources to devote to monitoring a program like GPRA (EPA and Education), while the other two must deal with less well organized public interest organizations representing the interests of low-income groups that may find it harder to monitor GPRA (FCC and HHS's Administration for Children and Families). On the second of these two points, while each agency may actually deal with a wide range of organizations possessing very different levels of resources, a particular effort was made in this analysis to reach out to one or more organizations at each end of the spectrum to better ascertain the range of experiences with the outreach process.

After contacting agency personnel tasked with overseeing the GPRA process, a separate effort was made to contact public interest organizations the agencies said they had at least attempted to involve in the process. These follow-up calls sampled only a handful of views on the agency efforts, and thus the information gathered from these conversations, while informative, was anecdotal. No effort was made to reach every group involved in the GPRA process by the agencies in question.

Finally, an e-mail survey was sent out to solicit the views and experiences of a non-representative sample of nonprofit organizations from across the public policy spectrum. The results of this survey provided further anecdotal evidence that backed up many of the conclusions drawn from information gained from conversations described above.

Summary Results

(1) Stakeholder Involvement Was Minimal, Especially Among the Nonprofit Public Interest Community: After reviewing outreach efforts as described by the agencies themselves and the comments of a limited number of participants, it appears that the public interest community's input into the GPRA strategic planning process was minimal. This lack of input accompanied a level of understanding of the process that could at best be termed moderate. At the state and local levels (i.e., beyond the Beltway), awareness of GPRA is almost nonexistent.

Reasons for this appear to include:

(a) The Agencies Appear to Have Been Highly Uneven In Their Outreach Efforts: In the four agencies we reviewed there was an enormous range in how agencies responded to the stakeholder provision. The Department of Education and the EPA, for instance, took several, though different, steps to involve stakeholders. The Department of Education held a number of early outreach meetings with stakeholders, and sent copies of a relatively detailed draft to a fairly complete list of stakeholders over the summer. The Department did, however, miss at least one key group known for its involvement in such processes, and did not follow up its early meetings with a new round of meetings after the release of the draft.

EPA did a better job of reaching out to the organizations it targeted, holding both in-depth early discussions and follow-up discussions following the release of its draft. On the other hand, unlike the Department of Education, it did not distribute copies of its draft very widely, and thus severely restricted the opportunity to comment to a small, pre-selected group.

The FCC's efforts, by contrast, were minimal. Officials at the agency openly state that they did very little to solicit stakeholder involvement.

All four agencies -- in fact, nearly every agency, not just those four reviewed here -- have put their draft strategic plans on their agency web sites. The Department of Education made an effort to publicize the availability of its plan on the web. It is unclear what effort the other agencies made in this regard.

In every case reviewed, participants complained that agency presentations were given too early in the process for the invited groups to have much impact. Draft preliminary strategic plans were often too vague or incomplete for participants to be able to adequately judge their merits. At least one participant said there was

"nothing to respond to" and that the process was "a waste of time." Another said that, in his experience, the agency he dealt with was just "going through the motions."

(b) Few in the Public Interest Community Responded When Invited to Participate: Very few groups seem to understand how important GPRA is and the role it may play in determining future agency budgets and policy decisions. As a result, many (and perhaps most) ignored agency invitations to participate even when they were offered. Several thought it was just another paper-generating process with little real significance. Perhaps due to a history of failure that accompanied previous attempts at comprehensive government reform,¹ others who recognized GPRA's importance doubted that their contributions would receive much consideration by the agencies. As a representative of one group noted, while agencies were compelled to solicit input, they were not compelled to incorporate such input into their plans. This person felt the agency personnel would likely ignore such input and "do whatever they wanted anyway." In such instances, potential participants elected not to participate fully in the process, believing their limited staff resources were better focused elsewhere.

(c) Agencies Relied Too Much on National Organizations to Educate State and Local Groups: Most of the agencies examined by this report relied almost exclusively on national organizations to inform their state and local memberships about the GPRA process. There was little effort by the agencies to directly involve state and local groups other than efforts to engage national organizations representing state and local governmental actors (i.e., the National Governors' Association). Since most national organizations did not become involved in the process, however, little information was ultimately passed to non-governmental public interest organizations at the state and local levels. While there were some exceptions (the disability community, for instance, appears to have done a better job of educating their state and local memberships), this ultimately translated into almost no awareness of GPRA whatsoever outside the Beltway. Considering the law's potential impact on program spending at the state and local levels as federal dollars pass down to individual communities, this is a major problem.

(d) Genuine Outreach is Difficult: Perhaps the most important reason for the lack of public interest input is the inherent difficulty of obtaining such input when little or no additional resources are made available to do so. Achieving better success would have required a substantial effort to educate the groups in question about the importance of the law. It also would have required a more proactive effort to reach out and contact groups that did not respond to initial written invitations.

(2) Current Strategic Plans May Not Adequately Represent Public Interest Viewpoints: Because there seems to have been minimal stakeholder involvement in the process, the agency strategic plans released at the end of this month should not be seen as reflecting the public's views. This may be a particular problem in cases where agency's goals and objectives differ significantly from those of certain segments of the public.

¹ Paul C. Light, *The Tides of Reform: Making Government Work, 1945-1995* (Yale University, 1997).

At the time of this writing, the final plans have not been released, so it is too early to know exactly where specific problems might arise. But it will not be shocking if the plans fall short of expectations. The General Accounting Office (GAO) has released a series of reports describing the uneven quality of the draft strategic plans that were released for public comment. The fact that stakeholder involvement was minimal -- particularly among the nonprofit public interest community -- will add to quality limitations.

The Media Access Project, for instance, which regularly comments on issues pending before the FCC on behalf of low-income and minority individuals, had no say in the FCC plan. This may be reflected in the agency's treatment of universal service in its plan. Universal service in federal telecommunications policy is a goal that would ensure that low-income and other disadvantaged communities have sufficient access to telecommunications networks.

Because the EPA failed to consider the views of the Working Group on the Community Right to Know, it might fail to adequately consider and incorporate the needs of the public in devising goals and objectives related to the availability of information on toxics in the environment.

Even if both agencies do address these specific examples, there may be many others that are not addressed.

Recommendations

Agencies Should Immediately Revise Their Strategic Plans and Do a Better Job Involving Stakeholders in the Process: As enacted, the implementation of GPRA is meant to be an ongoing process. The law's authors did not expect agencies to issue definitive strategic and performance plans on the first attempt. They recognized that GPRA's implementation would be a learning process, and that gradual improvements in these plans would be made over time. The authors also recognized that, even if done well, agency goals and objectives can change over time. As a result, the law institutionalizes a dynamic process to allow changes to be made as necessary. In particular, the law directs agencies to issue updated strategic plans at least once every three years and to submit updated performance plans every year along with their agency budgets.

The public interest community's involvement in the initial strategic planning phase has been admittedly minimal, but once federal agencies release final, more detailed, versions of their plans the public interest community's interest in future involvement may increase substantially. Given the likelihood of increased interest and involvement, OMB Watch recommends that federal agencies issue updated strategic plans sooner than three years from now, preferably next year. Once the public interest community has had a chance to see what the strategic and performance plans both look like, they will be in a much better position to comment. The strategic plans should be reopened immediately to allow full consideration of these views as soon as possible.

Agencies Need to Establish a More Thoughtful and Consistent Approach to Stakeholder Involvement: When reviewing strategic plans we recommend agencies:

- *Make greater use of focus and discussion groups.* These discussion settings should be targeted to specific components of the plan, instead of comprehensive agency-wide reviews. This will permit more careful input, more targeted stakeholder involvement, and likely produce better quality strategic plans.
- *Make a more concerted outreach effort.* Those agencies that sent draft plans to various groups deserve commendation. However, even these agencies still need to do a better job of reaching out to groups. Too many organizations that have enormous stake in the outcome of GPRA plans were not consulted. This should include incorporating strategic planning into the daily activities of the agencies so that groups meeting to discuss mission-related activities are engaged in the shaping of agency objectives.
- *Seek the input of state and local groups, not just national organizations.* While this could be an endless process, some consultation is essential. An attempt to reach out to a small, random sample of state and local groups would be better than nothing.
- *Make better use of the Internet.* Most agencies put draft plans on their web sites. This is a positive first step. Agencies should also establish interactive Internet forums for discussing the plans. This could be done through "chat rooms," online conferences, or having structured questions and reply buttons inserted into the draft plans.

Agencies Must Involve Stakeholders in the Development of Performance Plans:

While GPRA strategic plans are certainly important, so too are the annual performance plans which establish specific, quantifiable measures to determine agency progress toward meeting the strategic plans' goals and objectives. As agencies revise this year's strategic plans and involve more stakeholders in the process, they should expand the discussions to include components of draft performance plans. The choice of performance indicators and measurement tools may have significant impact, for instance, on federal grantees that partner with government to carry out services. Even for the broader public interest community, the emphasis on quantifiable measures in the performance plans may have significant ramifications. Thus, stakeholder involvement in the development of the measures is essential.

Congress Must Insure that Agencies Have the Necessary Resources to Carry Out the Stakeholder Provisions: If GPRA is to be successful, agencies must devote more time and staff resources to improving the strategic plans and to meaningfully implementing the stakeholder provision of the law. Academic experts, such as Paul Light, have warned that Congress cannot simply pass management reforms and

expect them to be implemented effortlessly.² Congress must provide the necessary resources for agencies to do a comprehensive job developing GPRA plans.

The Public Interest Community Must Pay More Attention: While some responsibility for public interest community's lack of involvement must lie with the agencies themselves, the public interest community must also take more responsibility and become involved. Many of the respondents to our e-mail survey indicated that they had never even heard of GPRA. It is vitally important that nonprofits learn more about this new law and how to get more involved. Nonprofit groups should work to proactively and productively shape the process, assessing the agency plans with the help of measurement experts.

The conservative community has already seized upon GPRA as a means to downsize government. Even before the final strategic plans were released, the Heritage Foundation characterized GPRA's implementation thus far as a "fiasco."³ Heritage calls for greater congressional oversight as a way to place a more ideological stamp on the plans and performance indicators that result. Heritage, for instance, criticizes EPA's goal to increase wetlands by 2005 by at least 100,000 acres per year by stating "[a]lthough the EPA may have this authority, a 'smaller government that costs less' is not best exemplified by taking the private property of taxpayers."⁴ This is a criticism of the laws upon which EPA's plan is based. But EPA was not asked to evaluate public laws and decide which ones to enforce. If Heritage questions the validity of this goal, it should be addressed within the legislative arena, not within an EPA strategic plan which properly reflects established law.

Putting aside the specifics of this particular policy argument, clearly the views of an organization like the Heritage Foundation should at least be balanced by an opposing view from the environmental community. This example illustrates the true importance of involving stakeholders in the ongoing implementation process. Taken together, the potential influence GPRA may have on future agency budgets and policy making coupled with the active involvement of those that want to use GPRA as a tool for dismantling government should serve as a clarion call for the public interest and nonprofit communities to become more involved.

AGENCY BY AGENCY RESULTS

Department of Health and Human Services

The Department of Health and Human Services' principal outreach efforts took place in the spring of this year. In early April copies of a very early draft were sent out to 250-300 groups. This list, while large, omitted several key public interest groups with an

² Ibid.

³ Angella Antonelli and Geoffrey Freeman, "Warning: Expect Bad Results From the Results Act Without Congressional Oversight," (Roe Backgrounder No. 1141, September 23, 1997).

⁴ Ibid.

interest in low-income programs run by the Department's Administration for Children and Families (which runs welfare programs, for instance). While copies of the agency plan were reportedly sent to some of the larger poverty-oriented organizations, like the Center for Law and Social Policy, Center on Budget and Policy Priorities, the Child Welfare League of America, and the Children's Defense Fund, many other groups interested in low income issues did not receive plans. Plans were not sent to groups like the Coalition on Human Needs, U.S. Catholic Charities, the Friends Committee on National Legislation, NETWORK, the Presbyterian Church (USA), the Religious Action Center, and the United Church of Christ. As can be readily noted from this list, religious organizations with a strong interest in low income issues were generally overlooked.

After sending out copies of the draft plan, the Department sent out invitations to agency meetings held in late April and early May. Invitations were extended to less than half of the 250-300 groups sent copies of the draft plan (the Department could not be more specific), and less than half of those extended invitations actually attended one of these meetings.

The Department held four meetings on the Department-wide plan in all, one each for organizations representing state governments (i.e., the National Governors Association), organizations representing local governments (i.e., U.S. Conference of Mayors), national non-governmental organizations (i.e., the American Medical Association), and organizations representing Native Americans.

According to at least two non-governmental organizations that attended, the Department's draft at the time was too preliminary for those who were there to have much of value to say. The meetings were very short, consisting primarily of Department personnel explaining the requirements of the law and then asking for comments. At least one participant said there was "nothing to respond to" and that the process was "a waste of time," and that the Department's personnel would likely ignore such input and "do whatever they wanted anyway." Another said that, in his experience, the agency he dealt with was just "going through the motions." Some agencies reportedly held separate meetings focused on their respective portions of the Department's performance plan, and these meetings may have involved more detail. OMB Watch was unable, however, to obtain much information about these meetings.

Finally, the Department also made a copy of its draft plan available on its web site. According to the Department, this generated a "handful" of responses. It is unclear what effort the Department made to publicize the availability of its plan on the internet.

Department of Education

According to the Department of Education, its strategic planning process began very early. A draft was released in 1994, and the Department engaged a number of educational organizations informally, discussing the plan as one among many items discussed at several regular meetings focused on a large number of unrelated issues. On June 26, 1997, the Department sent out copies of its latest draft to over 100 national education, civil rights, general government, business, and public policy

organizations, soliciting written comments. While the list of organizations the Department sent copies to is relatively complete, it did omit some key groups that often responds to and comments on the Department's regulations and other policies, such as the Center for Law and Education (the Center represents parents' interests).

A copy of the plan was also made available on the Department's web site, and the Department advertised its availability on the web in its electronic newsletter, *ED Initiatives*, which is distributed to more than 10,000 recipients.

The Department has reported that they received approximately 21 written responses to its June 26 plan by mail, e-mail, and fax. Most of the responses were positive with respect to the Department's overall goals and objectives. Many of the suggestions for change and criticisms that were offered were directed toward the performance indicators that the Department chose to include in its plan. As one departmental staff person noted, "indicators focus the mind."

Informal discussions at the Department-wide level were supplemented by meetings held by individual agencies within the Department. Most of these meetings focused on both the strategic and the annual performance plans. It is unclear how many of these meetings took place but, according to one organization contacted by OMB Watch, in at least one instance an agency chose to hold meetings a full year and half ago, well before there were any details available for discussion.

The Department did conduct some limited outreach through its regional offices, though much of this appears to have been directed toward state and local governments, not non-governmental organizations.

OMB Watch contacted a small, random sample of organizations the Department listed as having sent copies of the plan on June 26. At least one group on the Department's list of recipients did not remember receiving the draft plan, but did participate in an agency meeting that described the scope of the new law. Most of those we contacted indicated that they were somewhat aware of the process, but had not followed it closely. Some, for instance, were not aware that the deadline for final comment was fast approaching until OMB Watch had contacted them about their involvement.

Most of those contacted by OMB Watch indicated that they were unable to attend meetings held by the Department to discuss its GPRA plan or to send written comments in response to the June 26 draft. Several thought it was just another paper-generating process with little real significance. Others who recognized GPRA's importance doubted that their contributions would receive much consideration.

Federal Communications Commission (FCC)

The Federal Communications Commission (FCC) had very limited stakeholder involvement in its strategic planning process. A public notice of request for comment was released and a copy of the draft plan containing a contact reachable by e-mail was placed on their World Wide Web site. The Commission received 12 comments, 6 through their web site and 6 through U.S. mail. None of these comments came from

nonprofit groups and there was no active solicitation of nonprofits. None of the nonprofits that track the Commission on the national level contacted by OMB Watch (such as the Media Access Project and the Consumer Project on Technology) knew about GPRA or that the FCC was engaged in creating a strategic plan.

Officials at the FCC openly state that they did not engage in extensive stakeholder involvement. The Commission is interested in involving a greater number of stakeholders for future planning, but had a difficult time even putting together details for a strategic plan this year since a majority of the commissioner seats are changing hands. The officials also had concerns about the funding made available for outreach to stakeholders at the local level.

Environmental Protection Agency (EPA)

The EPA's outreach efforts on its strategic plan were highly focused on just a few organizations. In early January the agency sent out invitations to meetings to discuss its plan to 15 business, state and local government organizations and to 34 public interest and environmental organizations. Of the 34 public interest and environmental organizations sent invitations, none were from the state or local level. By contrast, the agency did reach out to state and local representatives of the business community through its program and regional offices. Additionally, even among the national-level groups contacted, several key organizations were omitted from the contact list, including the Working Group on Community Right-to-Know, an organization that represents a wide cross-section of environmental groups and which has contacted the EPA on GPRA-related issues in the past. In response to the initial letter sent out to groups in January, four public interest organizations (the Environmental Defense Fund, National Fish and Wildlife Federation, American Public Health Association, and the Farm Land Trust) attended the stakeholder meeting on January 28. According to participants, the meeting largely involved only junior level staff and was focused on the GPRA process rather than on the details of the plan.

In early May, following the development of a draft strategic plan, the agency sent out copies of its latest draft to the same group of 15 business and governmental and 34 public interest organizations. EPA then selected four public interest groups from the original list (Natural Resources Defense Council, Environmental Defense Fund, National Wildlife Federation, American Public Health Association) based on recommendations from its program offices, and conducted more detailed meetings in June focused on specific concerns with the objectives and performance measures. OMB Watch was also invited to a meeting at our request. At least one organization contacted by OMB Watch indicated that the development process was largely an internal affair and that stakeholders were invited to observe but not really to influence the final plan.

Many national environmental groups had heard about GPRA, but did not actively participate in reviewing the plans. At least one group indicated that it was more interested in the agency's performance plan than its strategic plan. Of the groups that did participate, most seemed to feel that the draft plans were inadequate. EPA itself said that it would like to invest more time in the outreach process before releasing its updated strategic plan within three years. According to one official, "the key stakeholder involvement is ahead of us, not behind us."

OMB Watch E-Mail Survey

In mid-September OMB Watch sent out an e-mail solicitation to several thousand national, state and local organizations with an interest in public policy asking them what they knew about GPRA, how much they were tracking it, and to what extent they had become formally involved in the process. This e-mail survey was not meant to be scientific in nature. By necessity organizations lacking e-mail access were excluded. Moreover, as with any survey of this kind, the response may have been influenced by self-selection bias -- that is, those who chose to respond may or may not have been representative of the larger group that received the survey.

Nevertheless, OMB Watch's e-mail survey did provide interesting anecdotal evidence that largely backed up the conclusions drawn from the interviews of agency personnel and non-governmental organizations that were called directly by OMB Watch.

Of the 27 responses received, fewer than half (12) had been invited to comment on an agency's plan or otherwise invited to participate in the process. Most of these (9) were national organizations. The other three were state disability groups that had received some information about GPRA from their national organization. Of the twelve invited to participate, eight actually did.

More than half (15) of those that responded to the e-mail survey had not been directly invited to participate or comment, and of these only about half (8) were even familiar with GPRA. Interestingly, of the eight state and local organizations that responded to the survey that were not disability groups, none were invited by an agency to participate. Of these, only four had heard of GPRA.

It is interesting to note that our survey and telephone conversations revealed a number of activities in the nonprofit sector intended to improve accountability. For example, Independent Sector, an umbrella for national nonprofits, has launched a comprehensive measurement project to develop indicators for assessing quality of nonprofit services. Additionally, several local nonprofits described participating in local planning activities also intended to help create greater accountability for the services they provide. At least one group was working through a United Way project on assessment.

Unfortunately these activities have not been undertaken with an understanding of the GPRA process or even of the law's existence. To the extent these activities can be linked, each will benefit.

For more information contact Patrick Lester, Policy Analyst, or Ari Schwartz, Information Specialist, at 202-234-8494. Questions about the EPA evaluation should be directed to Jeff Thomas, Environmental Analyst, at the same number.

September 30, 1997

CENTER FOR MARKET PROCESSES

TESTIMONY

from

The Hon. Maurice P. McTigue
Distinguished Visiting Scholar
Center for Market Processes
George Mason University

for

The Committee on Government Oversight and Reform
US House of Representatives
105th Congress

October 30, 1997

Mr. Chairman, I am honored to have been invited to give testimony before your committee on the Government Performance and Results Act as it pertains to the successful implementation of performance and accountability measures in government.

Mr. Chairman, it would be impertinent of me to comment on the merits of specific policies that drive the various agencies of the US Federal Government, especially after having lived in the United States only 18 weeks. However, as an elected member of the Parliament of New Zealand for nine years and as a Cabinet Minister in the Government, my experience with the new accountability measures in government instituted during that period may be of benefit to you in your deliberations. In particular, the experience I had as Associate Minister of Finance and Chairman of the Cabinet's Expenditure Control Committee may be especially appropriate. The function of that committee was to scrutinize all expenditures of all agencies and to see that their performance met acceptable standards according to our newly instituted accountability laws. Some of the lessons learned by members of our Parliament as a result of this experience may be of benefit to yourself, this Committee, and the Congress as you implement your Results Act.

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NEW ZEALAND'S REASONS FOR CHANGING ITS ACCOUNTABILITY LAWS

May I start by saying our accountability laws proved to be the most powerful tool available to the Government and the Parliament for both controlling spending and improving the quality of spending. When the finances of the New Zealand Government were in dire straits in 1984, much soul-searching was undertaken to try and establish why Government was unable to control its spending. Immediately the major problem was identified as the poor quality information being provided to decision makers, i.e., Parliament. From the information supplied by departments, it was impossible for Parliament to determine with any accuracy if departmental activity was achieving Government policy objectives. Parliament needed to have confidence that the money voted to programs was going to produce measurable, tangible results.

In the process of government, power ultimately resides in the hands of those who control the purse strings. However, poor quality information diminishes the power of decision makers by depriving them of the means to make reasonable judgments on the relative worth of programs. In the same way, an inability to acquire timely information also diminishes the power of decision makers.

WHAT IS AT STAKE HERE?

In New Zealand's case, Government was consuming 44 percent of Gross Domestic Product (GDP). The result was a stagnant economy and declining standards of living. Today, the New Zealand Government's share of GDP is 29 percent, and falling.

In the United States, what is at stake as, identified by the General Accounting Office, is \$350 billion in wasteful expenditure. If that sum was recovered from government spending and applied to debt reduction, the United States would have zero debt around the year 2011. Alternatively, the \$350 billion could be applied to substantial tax reductions or investments in education or health. The point is that the stakes in this

process are very high and this potential gain is achievable without eliminating current effective government programs.

WHAT ARE THE ADVANTAGES FOR CONGRESS FROM THIS ACT?

First, the Results Act returns the power of decision making to where it belongs — the people's elected representatives.

Second, the Results Act enables Congress to make value judgments between competing activities, not only on a cost basis but also on what programs expect to achieve.

Third, the Results Act empowers Congress to fulfill an important function for which they are elected — to scrutinize the proposals of the Executive Branch on behalf of the taxpayer and to agree to fund only those activities which are most likely to succeed.

Fourth, the Results Act gives Congress the protection of proof when they decide to eliminate an activity that cannot produce results.

All of these gains are contingent upon a concerted commitment to improve the quality of accountability.

HOW DID NEW ZEALAND USE ITS NEW ACCOUNTABILITY LAWS?

In my experience, the best results came from selecting a particular function of a department and commissioning an in-depth study of that activity. In the early stages of instituting accountability requirements for departments, this process was a helpful learning experience, and the lessons learned by the department were able to be applied elsewhere. The process included: a request for the department to report in detail on that function; a request for the Auditor General (equivalent to your General Accounting Office) to report independently on whether that function would be likely to deliver the predicted outcomes; and commissioning a private sector specialist (usually a large accounting firm) to do the same. The committee evaluating the department and its functions would then possess three streams of advice before making decisions or

recommendations. One of the results of applying this process to our Revenue Service was a major reform and simplification of tax laws. This simplification enabled 40 percent of New Zealanders to be relieved from filing tax returns. In another example, the application of these principles to the Ministry of Works resulted in the entire Ministry being totally dismantled, and all of its activity moved to the private sector.

REVIEWING STRATEGIC PLANS

These are the kind of questions I would ask if I were reviewing a strategic plan:

Mission Statement:

- Does the mission statement accurately reflect the reason for the department's existence?
- Does this department need to exist?

Goals and Objectives:

- Does the objective have a measurable result? If not, why?
- Are these goals and objectives similar to those of other agencies?
- If so, who does the activity best and who should do it in the future?
- Is the objective already delivered in the private sector?
- If so, why is the agency doing it, and can the agency do it better?

Strategies to Achieve Goals:

- Does the plan prove that the strategy will achieve the goal?

Program Evaluation:

- Does each program have a mission statement?
- Has the program achieved its objectives in the past?
- Will it achieve its objectives in the future?

- Can someone else deliver this program better?

Management:

- Can the department properly control all of its activities?
- Can the department give a fully allocated cost for all of its activities?
- Can the department give information to Congress and to the Administration in an accurate and timely manner?
- Does the strategic plan make a commitment to achieving the above?

Final Accountability:

- Who is responsible when objectives and goals are not achieved?

It is in the area of final accountability that there may be a weakness in the current Results Act. In the New Zealand procedure, the burden of proof lies with the Department, which must establish beyond reasonable doubt that it can achieve the objectives it has set for itself. If it cannot offer such proof, it receives no funding.

MANAGEMENT

Mr. Chairman, I realize that I have been using a considerable number of anecdotes, but they do help demonstrate different important points. The following anecdote concerns fully allocating costs including department infrastructure, capital, and head office costs. The Conservation Corps was a program designed to help difficult young unemployed people prepare for work. It involved using them in National Parks, recreational areas and waterways doing conservation and environmental work. Their normal welfare payment was \$127 per week, but in this program the payment was increased to about \$150 per week. Everyone thought this was a good program until, under

the new accountability rules, the department disclosed that the fully allocated cost of that program was \$932 per week per participant.

It was for this kind of reason that Committees examining departments' plans gave top priority to requiring high quality internal management structures that were capable of producing the sophisticated information necessary to fully allocate costs.

Mr. Chairman, once again I thank you for the opportunity to present testimony to this Committee and Congress. Though I have deliberately avoided commenting directly on any plans submitted by an agency of US Federal Government, I would be happy during questioning to elaborate on how the experience referred to in my testimony might be applied to the examination of specific plans. I would also be very willing to put my experience at your disposal in future should you find it of benefit.

Testimony Prepared by:



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