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MANAGING FOR RESULTS

Using GPRA to Help Congressional Decisionmaking and Strengthen Oversight

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Managing for Results: Using GPRA to Help Congressional Decisionmaking and Strengthen Oversight

Mr. Chairman, Mr. Hall, and Members of the Subcommittee:

I appreciate the opportunity to be here this morning to discuss the House Committees' use of the Government Performance and Results Act of 1993 (commonly known as GPRA or the Results Act) to inform their decisionmaking and oversight. As you know, GPRA was passed in part out of congressional frustration that congressional policymaking, spending decisions, and oversight had been severely handicapped by a lack of sufficiently precise program goals and adequate program performance and cost information. GPRA sought to remedy that situation by requiring agencies to set multiyear strategic goals and corresponding annual goals, measure performance toward the achievement of those goals, and publicly report on their progress.

GPRA is a central component of a statutory framework that Congress has put in place over the last decade to improve the performance, management, and accountability of the federal government. Other major elements of the framework include financial management reforms, such as the Chief Financial Officers (CFO) Act, and information resources management improvements, such as the Clinger-Cohen Act. Through this statutory framework, Congress has sought to improve the fiscal, program, and management performance of federal agencies, programs, and activities. The effective implementation of this statutory framework, although important, is not an end in itself. Rather, the implementation of the framework is the means to an end—improved federal performance through enhanced congressional and executive branch decisionmaking and oversight. Traditionally, the danger to any management reform is that it can become a hollow, paper-driven exercise where management improvement initiatives are not integrated into day-to-day activities of the organization. In short, performance improvements within an agency will not occur just because, for example, the agency has published a strategic plan or the results of an audit of its financial statements. Rather, performance improvements occur only when congressional and executive branch decisionmakers <u>use</u> these and other documents—and the management systems that generate them—to help inform decisions and improve confidence in the accountability and performance of the federal government.

In that regard, we are now at a critical point in the implementation of GPRA—and thus an opportune time to examine how the House has used and can use the Act. Agencies are to publish annual performance reports by the end of March that, for the first time, will provide important information on the overall performance of federal programs. Moreover, in

two recent testimonies before the Senate and House Budget Committees, I have noted that the time is right for reexamination and serious debate about what government does, how it does it, and who benefits from these activities.[1] Information now becoming available as part of agencies' efforts under GPRA can serve as vital input into that needed reexamination and debate. Specifically, the information that agencies are to provide under GPRA and other parts of the statutory framework should prove invaluable to Congress as it grapples with our nation's continuing fiscal and federal government management challenges. The current projected surpluses provide an opportunity to rise out of the limited time horizons of recent deficit debates and focus squarely on long-term challenges demanding attention. Accurate, reliable, and timely performance and cost information will be central to congressional efforts to make the hard choices that addressing long-term challenges demands. At the same time, we need to redouble our efforts to make sure that federal programs are implemented with the transparency, integrity, efficiency, and accountability that the effective stewardship of taxpayers' dollars requires. By helping Congress address fiscal challenges and management risks and problems, GPRA can also help resolve another challenge facing our country—increasing citizens' confidence in, and respect for, their government.

To do so, we need to take steps to maximize the usefulness of GPRA while minimizing related burdens. In addition, we need to ensure that both the executive branch and Congress take GPRA seriously. In short, GPRA has the potential to help Congress and the executive branch ensure that the federal government provides the results that the American people expect and deserve. Substantial efforts have been undertaken and progress clearly made. However, much of GPRA's potential benefit remains unrealized. In addition, we must be careful to ensure that GPRA does not become an annual paperwork exercise. Rather, it should be the foundation of how agencies and Congress help to maximize the performance and ensure the accountability of the federal government for the benefit of the American people.

My statement today will expand on this theme by covering three topics. First, I will provide an overview of the implementation of GPRA across the executive branch and discuss why I believe we are at a critical stage in the Act's implementation. Second, I will discuss how the House has used GPRA to improve programmatic oversight and decisionmaking and to

[1] Budget Issues: Effective Oversight and Budget Discipline are Essential—Even in a Time of Surplus (GAO/T-AIMD-00-73, Feb. 1, 2000); and Congressional Oversight: Opportunities to Address Risks, Reduce Costs, and Improve Performance (GAO/T-AIMD-00-96, Feb. 17, 2000).

conduct oversight over selected agencies' efforts to implement the Act. Given the setting for this morning's hearing, my comments will focus on the House Committees. Nevertheless, the Senate, especially the Senate Governmental Affairs Committee, has been an active partner with the House in many of the efforts that I will discuss. Finally, building in large measure upon my statements before the Budget Committees, I will suggest ways that GPRA can be used to address some of the critical program and management issues confronting the federal government.

GPRA Implementation Is at a Critical Stage for Agencies and Congress

One of the fundamental purposes of GPRA is to "…improve congressional decisionmaking by providing more objective information on achieving statutory objectives, and on the relative effectiveness and efficiency of federal programs and spending." Congress intended for the Act to improve the effectiveness of federal programs by fundamentally shifting the focus of management and decisionmaking away from a preoccupation with staffing and activity levels to a broader focus on the results or outcomes of federal programs. Agencies traditionally had used the amount of money spent to support their programs, the number of staff employed, or the number of tasks completed as measures of their performance. But at a time when the value of many federal programs is undergoing intense—and appropriate—public scrutiny, an agency that uses and reports only these measures has not addressed the defining issue: Whether its programs have contributed to a real difference in the quality and security of citizens' lives. Under GPRA, virtually every federal agency is required to ask itself some basic questions: What is our mission, what are our goals, and how can we achieve them? How can we measure our performance? How will we use performance information to make improvements and other management decisions?

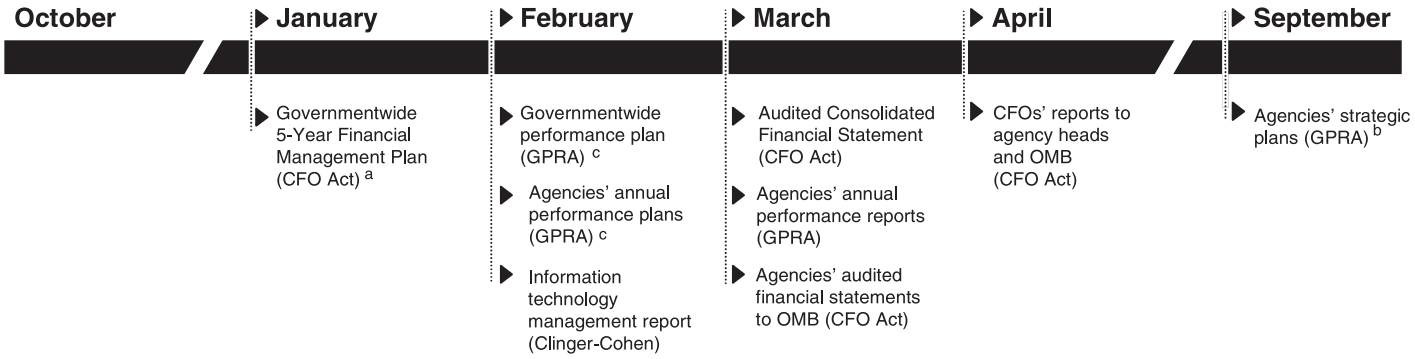
In crafting the Act, Congress recognized that the answers to these questions would lead to cultural transformations in many agencies. As a starting point, an agency's strategic plan is to include the agency's mission statement, identify the agency's long-term strategic goals, and describe how the agency intends to achieve its goals through its activities and through its human capital, financial, information, and other resources. Importantly, GPRA requires that in developing their strategic plans, agencies must consult with Congress and solicit and consider the views of those entities potentially affected by or interested in the plan.

The strategic plans are to be the fundamental building blocks for agencies to use to set annual goals for programs and measure the performance of their programs in achieving those goals. Annual performance plans are to provide the direct linkage between the goals outlined in an agency's

strategic plan and what managers and employees will do day-to-day. In essence, the plan is to contain the goals the agency will use to gauge its progress toward accomplishing its strategic goals, identify the agency's performance measures, and show the resources needed to achieve its goals. Also, the Office of Management and Budget (OMB) is to use individual agencies' performance plans to develop an overall federal government performance plan that OMB is to submit annually to Congress with the President's budget. Finally, agencies are to issue annual performance reports showing the degree to which goals were met and the actions, plans, and schedules to meet unmet goals.

In almost 2-1/2 years since the requirements of GPRA were implemented across the executive branch, Congress has been provided with a wealth of new and valuable information on the plans, goals, and strategies of federal agencies. According to OMB, about 100 agencies published a first set of strategic plans in 1997 and, as required, will issue updated plans by this September. These agencies also issued annual performance plans for fiscal years 1999 and 2000 and are issuing plans for 2001.OMB has issued three governmentwide performance plans covering fiscal years 1999, 2000, and 2001. Finally, by March 31 of this year, agencies are to release their first-ever performance reports covering fiscal year 1999. Figure 1 is a time line of GPRA requirements and other laws that make up the statutory framework to improve the performance, management, and accountability of the federal government, including the CFO Act and the Clinger-Cohen Act.

Figure 1: Time Line for Major Reports



[a] Although required to be submitted by January 31, the governmentwide 5-year financial management plans are generally issued in June or July.

[b] GPRA requires agencies' strategic plans to cover a period of at least 5 years forward from the fiscal year in which submitted. They are to be updated at least every 3 years and are submitted to OMB and Congress.

Source: GAO review of statutes.

The issuance of the first performance reports represents a new and potentially more substantive stage in the implementation of GPRA. Much of the focus outside of agencies thus far naturally has been on the quality of the plans. This focus has raised such questions as: Do the plans have the right goals? Are the performance measures appropriate? Is the best mix of program strategies in place to achieve the goals? All of these are important questions, and clear answers are needed to ensure that agencies' efforts are properly targeted. However, the performance reports offer the first opportunity to systematically assess the agencies' actual performance on a governmentwide basis and to consider the specific steps that can be taken to improve performance and reduce costs. These annual reports on program performance can also help congressional committees monitor and select programs for more detailed reviews.

The first performance reports, and thus the completion of the first full planning and reporting cycle of GPRA implementation, also suggest that it is an appropriate point to examine how GPRA can be more fully integrated into executive branch and congressional decisionmaking. In our summary assessments of the fiscal year 1999 and fiscal year 2000 annual performance plans, we highlighted a consistent set of areas that we believe have the greatest potential for improving the usefulness of GPRA to

congressional and executive branch decisionmakers.[2] For example, much more progress is needed in linking GPRA performance goals to agency budget presentations, so that the performance consequences of budget decisions can be clearly understood. Similarly, technology and human capital planning and decisionmaking are too often not integrated into considerations of programmatic results. In our assessment of the fiscal year 2000 annual plans, we found that most plans did not sufficiently address how the agencies will use their human capital to achieve results. This suggests that one of the critical attributes of high-performing organizations—the systematic integration of human capital planning and program planning—is not being adequately addressed across the federal government.[3] This is a fundamental weakness in agencies' operations—only when the right employees are on board and provided the training tools, structure, incentives, and accountability to work effectively is organizational success possible. Stated differently, we will never be able to maximize the performance and ensure the accountability of the federal government without placing more emphasis on critical human capital strategies. This needs to be a top priority to make GPRA more alive throughout the executive branch.

We have seen that integrating GPRA into agency operations does not come quickly or easily. It requires dedicated and persistent leadership within agencies that uses goals and performance data as a basis for running organizations day-to-day and for holding units and individuals accountable. It requires leadership on the part of OMB to ensure performance data are used to inform budget decisions and that agencies take GPRA seriously and use it to run their organizations. Finally, it requires Congress in its various capacities--oversight, authorization, appropriation, and confirmation of political appointees—to use GPRA in its efforts and to underscore to agencies the importance it places on effective implementation of the Act. We have made recommendations in each of the last 2 years intended to help congressional and executive branch decisionmakers ensure that GPRA is effectively implemented and used. The integration of GPRA into executive branch and congressional decisiomaking processes will, no doubt, identify additional opportunities to effectively target GPRA plans and reports and therefore also streamline and simplify those plans and reports.

[2] Managing for Results: An Agenda To Improve the Usefulness of Agencies' Annual Performance Plans (GAO/GGD/AIMD-98-228, Sept. 8, 1998); and Managing for Results: Opportunities for Continued Improvements in Agencies' Performance Plans (GAO/GGD/AIMD-99-215, July 20, 1999).

[3] Human Capital: A Self-Assessment Checklist fort Agency Leaders (GAO/GGD-99-179, September 1999).

The House Has Used GPRA Practices in Decisionmaking and Oversight

Congressional use of GPRA concepts and practices—such as results-oriented goal-setting and performance measurement—in crafting legislation, although not uniform, clearly exists and appears to be growing. The Congressional Research Service (CRS) reported in December 1998 on the provisions in public laws and the associated committee reports from the 105th Congress that were relevant to the implementation of GPRA.[4] Although CRS notes that the data must be read with caution, it found that 78 committee reports (including 31 from House Committees) accompanying bills enacted into law during the 105th Congress included language related to GPRA or performance measures. This language included endorsements of the importance of GPRA; comments on the status of an agency's implementation efforts, including the quality of its plans; and other language. In addition, CRS found that a number of laws enacted during the 105th Congress incorporated GPRA concepts and practices. These laws, for example, required the development of a variety of performance measurement systems to assess progress in meeting statutory purposes. In some cases, the statutory direction specified the goals and performance measures to be used; in other cases, the laws provided general categories of required goals and measures. Overall, CRS found greater attention to performance in laws and committee reports in the 105th Congress than in the 104th Congress.

As discussed in the following pages, we have found that the experiences of the House Committees on Veterans' Affairs, Science, and Government Reform provide examples of how House Committees have used GPRA to improve decisionmaking and conduct oversight over GPRA implementation within the agencies.

The House Committee on Veterans' Affairs

The Senate and House Committees on Veterans' Affairs used GPRA concepts and practices in the Veterans Millennium Health Care and Benefits Act (Public Law 106-117) that was passed by Congress with bipartisan support in November 1999. Among other things, the act seeks to expand the services that the Department of Veterans Affairs (VA) provides to assist homeless veterans. However, it has been unclear as to whether VA's programs are effective in reaching those most in need and providing the support and care homeless veterans require to remain housed and employed.[5] As a result, the act's conference report cited the need, under

[4] Performance Measure Provisions in the 105th Congress: Analysis of a Selected Compilation, Genevieve J. Knezo and Virginia A. McMurtry, The Congressional Research Service, December 1998.

[5] Homeless Veterans: VA Expands Partnerships, but Effectiveness of Homeless Programs is Unclear (GAO/T-HEHS-99-150, June 24, 1999); and Homeless Veterans: VA Expands Partnerships, but Homeless Program Effectiveness is Unclear (GAO/HEHS-99-53, Apr. 1, 1999).

GPRA, for agencies to evaluate the effectiveness and outcomes of their programs. Thus, the law requires VA to provide to the House and Senate Committees on Veterans' Affairs a plan for evaluating its homeless veterans programs. The law further stipulates that the evaluation plan is to be prepared in consultation with stakeholders—specifically, the Department of Labor and the Department of Housing and Urban Development.

GPRA concepts and practices also have been used to help Congress conduct oversight on VA's progress in addressing significant management issues, such as problems in processing veterans' benefit claims. Delays and inaccuracies in veterans' benefit claims have been a longstanding concern at VA and within Congress. The House Subcommittee on Benefits held three hearings between 1997 and 1999, in which we participated, that highlighted the Veterans Benefits Administration's (VBA) progress in addressing this and related issues. As part of those hearings, the Subcommittee examined VBA's progress in developing results-oriented goals for its nonmedical benefit programs. Such goals are important to help Congress and VBA ensure that VBA efforts are properly targeted and to track progress in improving the efficiency and effectiveness of the nonmedical benefits VBA provides to veterans.

The quality of the services and support provided to unemployed veterans also has been an issue of concern. The Subcommittee on Oversight and Investigations' hearing July 1999 hearing focused on the absence of a clear picture of the results that the Department of Labor hopes to achieve for unemployed veterans through its Veterans' Employment and Training Service. The Subcommittee on Benefits also held hearings on GPRA implementation in Labor's Veterans' Employment and Training Service. Both Subcommittees' hearings, which we participated in, examined the progress the Veterans' Employment and Training Service has made in its strategic and performance planning and the significant progress that remains to be made, such as including annual performance goals that will allow Congress to monitor VBA's efforts to help young, minority, and women veterans get jobs.[6]

The House Committee on Science

The Committee on Science has long recognized that strategic planning and performance assessment in federal research programs offer both an opportunity and a significant challenge for federal civilian science agencies

[6] Veterans' Employment and Training Service: Strategic and Performance Plans Lack Vision and Clarity (GAO/T-HEHS-99-177, July 29, 1999); and Veterans' Employment and Training Service: Focusing on Program Results to Improve Agency Performance (GAO/T-HEHS-97-129, May 7, 1997).

and Congress. Performance assessment may become a powerful tool in the management of these programs, particularly in an era of federal downsizing and the need to allocate federal research and development (R&D) investments more productively. However, assessment techniques are in relatively early stages of development for R&D programs generally, and only in their infancy for areas such as fundamental science. Furthermore, the causal relationship between research outputs and their eventual outcomes is very complex and may take years before it becomes evident.

To better understand the value of our country's investments in R&D, the Chairwoman and Ranking Minority Member of the Subcommittee on Technology requested that we address the issue of meaningful measures of research. For almost two decades, numerous reports have documented the difficulties of quantifying the results of R&D. As a first step in assessing the results of research, we presented the relative strengths and limitations of the input and output indicators used by the federal and private sectors to measure the results of R&D.[7]

R&D performance assessment and civilian science agencies' implementation of GPRA were issues addressed during the Committee on Science's July 1996 hearing. Specifically, the Committee focused on (1) how the strategic planning process can help agencies and Congress identify and address instances of unfocused missions, unclear goals, and program fragmentation and overlap; (2) the challenge of performance measurement in an R&D environment and the status of agencies' collective efforts to overcome those challenges; and (3) the role Congress must play if the Act is to be successful. In addition, the Committee requested that our statement show Members how GPRA can be useful to Congress and what Congress can do to ensure successful implementation.[8]

A year later, the Committee convened another hearing on civilian science departments' and agencies' implementation of GPRA. In his opening remarks, the Chairman stated that the Act should be viewed as an opportunity to improve the management and accountability of federal programs. The Ranking Minority Member also stated that he was an advocate of strategic planning as a tool to help an agency achieve great things. Our review of science agencies' draft strategic plans, however,

[7] Measuring Performance: Strengths and Limitations of Research Indicators (GAO/RCED-97-91, Mar. 21, 1997).

[8] Managing for Results: Key Steps and Challenges In Implementing GPRA In Science Agencies (GAO/T-GGD/RCED-96-214, July 10, 1996).

found a number of shortcomings, noting that the plans had not addressed all of the Act's critical elements, some of the elements that were addressed were insufficient, and the plans generally did not address crosscutting activities.[9] Some Members of the Committee concluded that the lack of program goals and measurements had handicapped congressional policymaking and spending decisions. In addition, the lack of coordination of crosscutting science programs had hampered managers' ability to run those programs in a way that seeks to maximize the overall federal investment in science.

Program results have also influenced funding authorizations. For example, in April 1997, the Subcommittee on Technology convened a hearing within a week of the Science Committee's scheduled markup on the National Institute of Standards and Technology's (NIST) authorized funding levels. The hearing addressed the funding needs of NIST, including a review of the effectiveness of the Advanced Technology Program (ATP). The mission of ATP is to stimulate U.S. economic growth by developing high-risk and enabling technologies through industry-driven cost-shared partnerships. The administration's budget had proposed a 22-percent increase for fiscal year 1998 and a 122-percent increase over the next 5 years. In her opening statement, the Chairwoman stated that she was interested in hearing from the expert witnesses, which included GAO, about whether the accomplishments of ATP supported more than doubling the size of the program by the year 2002.[10] We reported that for 63 percent of the ATP grants, applicants did not attempt to raise private capital before applying for their ATP grants; and roughly half of all applicants indicated that they would have proceeded with their research even if they had not received the ATP grants. Subsequently, the fiscal year 1998 appropriation provided $182 million for the program, a cut of 10.3 percent, or $21 million, from fiscal year 1997 and $79 million below the President's request. Two years later, after releasing our report on ATP's award selection, the Science Committee Chairman questioned whether the ATP program was achieving its objectives.[11] The next day, the House Appropriations Committee voted to terminate the program. After conference action between the Senate and the House, the program ultimately received $130 million, a cut of 27 percent for fiscal year 2000.

[9] Results Act: Observations on Federal Science Agencies (GAO/T-RCED-97-220, July 30, 1997).

[10] Measuring Performance: Challenges in Evaluating Research and Development (GAO/T-RCED-97-130, Apr. 10, 1997).

[11] Federal Research: Information on the Advanced Technology Program's Award Selection (GAO/RCED-99-258R, Aug. 3, 1999).

The House Committee on Government Reform

The House Committee on Government Reform made effective implementation of GPRA the centerpiece of its February 12, 1997, hearing on "Sensible Government for the Next Century" and emphasized the role that GPRA will play in improving federal government agency performance. A key witness was House Majority Leader Dick Armey, who depicted the Act as the ultimate common sense tool for determining whether taxpayer-funded programs are working.

Within this Committee, much of the leadership for GPRA issues has come from the Subcommittee on Government Management, Information and Technology. GPRA has been the subject of vigorous oversight by the Subcommittee, including hearings on key elements that are at the heart of implementing GPRA requirements. These elements include such areas as consultations between federal agencies and Congress; agencies' strategic plans, in general, and, in particular, the strategic plans of OMB, the General Services Administration, and the Customs Service; performance budgeting pilot programs; and OMB's capabilities and management leadership in GPRA implementation.

To obtain a comprehensive view of the opportunities and challenges that are intrinsic to GPRA implementation, the Subcommittee has looked beyond the federal level. The Subcommittee has held hearings on a diverse range of topics related to the Act in an effort to expand the base of best practices and to provide a body of relevant experiences from which federal agencies could draw lessons. For example, the Subcommittee has examined state and local governments' management practices in setting goals and achieving results, foreign government experiences with performance accountability, and private sector efforts in organizational flexibility and quality management.

House Oversight of GPRA Implementation

In addition to the uses of GPRA concepts and practices that I have just noted, the House also has been deeply involved in seeking to ensure that agencies' strategic and annual performance plans are of a sufficient quality that the plans are useful for congressional decisionmaking. Of course, the most widely publicized House-led effort was the "grading" of agencies' draft and September 1997 strategic plans and fiscal years 1999 and 2000 annual performance plans.

Although the grading received much of the attention, widespread congressional involvement in GPRA implementation actually began when agencies consulted with Congress on their first strategic plans in early 1997. Consultations on strategic plans provide an important opportunity for Congress and the executive branch to work together to ensure that

agency missions are focused, goals are specific and results-oriented, and strategies and funding expectations are appropriate and reasonable. Additional consultations are to take place before agencies issue their updated strategic plans, not later than this September.

Congress signaled its strong commitment to GPRA and the strategic plan consultation process through a February 25, 1997, letter to the Director of OMB from the Speaker of the House, the House Majority Leader, the Senate Majority Leader, and key committee chairmen from both the House and the Senate. The letter underscored the importance that the congressional majority places on the implementation of the Act, noted a willingness on the part of Congress to work cooperatively with the administration, and established expectations for consultations. The administration also showed its commitment to consulting with Congress on agency strategic plans through a letter from the Director of OMB to executive agencies sent in November 1996 and earlier guidance to agencies on the preparation of strategic plans.

In an important effort to reduce congressional "stovepipes," staff teams from authorizing, oversight, budget, and appropriations committees were formed in the House—at times on a bipartisan and bicameral basis—to cut across committee jurisdictions to consult with the agencies on strategic plans. The frequent misalignment between congressional committee jurisdictions and executive branch agencies poses significant challenges to oversight. So, too, with the consultations on strategic plans. For example, according to the Environmental Protection Agency (EPA), around 50 House and Senate Committees and Subcommittees claim some jurisdiction over EPA issues. In our 1997 testimony on GPRA consultations, we noted that both committee staff and agency officials we met with agreed that to the extent feasible, consultations should be held jointly with appropriate authorizing, budget, and appropriating committees.[12] In addition to meeting with agencies to discuss the agencies' draft strategic plans, the House-led staff teams also graded the draft and the September 1997 versions of the plans. The grades were based on the staff's assessment of how well the plans met the requirements of GPRA and related guidance. The Majority Leader and other Majority congressional leaders issued two separate and detailed reports on the findings of the staff teams in assessing the strategic plans. The reports discussed grading criteria; the individual agencies' scores; common strengths and weaknesses; and overall conclusions and recommendations for OMB, the agencies, and Congress. In our assessment

[12] Managing for Results: Enhancing the Usefulness of GPRA Consultations Between the Executive Branch and Congress (GAO/T-GGD-97-56, Mar. 10, 1997).

of agencies' strategic plans, we found that although they provided a workable foundation for Congress to use, agencies' planning efforts were nonetheless very much works in progress.[13]

The House also used staff teams in an attempt to cut across committee jurisdictional boundaries to grade agencies' fiscal years 1999 and 2000 annual performance plans. The findings of the fiscal year 1999 plan reviews were sent to the Acting Director of OMB in June 1998 by the Speaker of the House, the Majority Leader, and the chairmen of 16 House Committees. That report commended "the hard work that agencies have put into Results Act implementation during the past year." However, the report noted that the overriding conclusion from the congressional evaluations of the plans was that "there is a very long way to go before the Results Act can be used to integrate reliable performance data into federal decisionmaking and day-to-day management." The report provided detailed discussions of the major recurring problem areas in the annual plans, such as weaknesses in agencies' goals and measures, the often poor quality of performance data, and the need to better coordinate crosscutting program efforts. The House leaders strongly stressed that the lack of congressional use of the annual performance plans was a sign of the early stage of the plans' development and not a sign of Congress' lack of interest.

Similar to the reports on strategic plans, the assessment of the fiscal year 1999 annual performance plans also contained a series of recommendations. First among these recommendations was that "Congress and the Executive branch must work together to ensure that the Results Act provides performance data that is useful and then is used" (emphasis in original). Our reviews of agencies' fiscal year 1999 annual performance plans also found that agencies had a long way to go. We concluded that overall, substantial further development was needed for the plans to be useful in a significant way to congressional and other decisionmakers.[14]

The grades of the fiscal year 2000 performance plans were not publicly released, and we are not aware of any plans to grade the fiscal year 2001 plans. Our own assessment of the fiscal year 2000 plans found that on the whole, the plans showed a moderate improvement over the fiscal year

[13] Managing for Results: Agencies' Annual Performance Plans Can Help Address Strategic Planning Challenges (GAO/GGD/98-44, Jan. 30, 1998).

[14] Managing for Results: An Agenda to Improve the Usefulness of Agencies' Annual Performance Plans (GAO/GGD/AIMD-98-228, Sept. 8, 1998).

1999 plans and contained better information and perspective. However, we noted that key weaknesses remained and important opportunities existed to improve future plans.[15]

Next Steps in Using GPRA to Strengthen Congressional Decisionmaking and Oversight

In my recent statement before the House Budget Committee, I used four broad themes to discuss the significant performance problems in federal programs and agencies that our work has identified: [16]

- Attack activities at risk of fraud, waste, abuse, and mismanagement.
- Improve the economy and efficiency of federal operations.
- Reassess what the federal government does.
- Redefine the beneficiaries of federal government programs.

Concerted and continuing congressional oversight is key to addressing the federal government's persistent performance, management, and accountability problems. This morning, I will describe how GPRA concepts, practices, and products are tools Congress can use to help its decisionmaking and strengthen its oversight and thereby help resolve these and related issues, such as the coordination of crosscutting programs and agencies' capacity to gather and use performance information.

Attack Activities at Risk to Fraud, Waste, Abuse, and Mismanagement

Over the years, our work has shown that federal functions and programs critical to personal and national security, ranging from Medicare to weapons acquisition, have been hampered by daunting financial and program management problems, exposing the federal government to waste and abuse. Since 1990, as part of our "High-Risk" initiative, we have reported on specific federal activities and functions that are particularly vulnerable to waste, fraud, abuse, and mismanagement.

The high-risk areas we have reported on have real consequences that are important and visible to the American people. One program on our high-risk list, Supplemental Security Income (SSI), is the largest cash assistance program for the poor. In 1998, about 6.5 million SSI recipients received more than $29 billion in benefits. However, since its inception in 1974, the SSI program has been fraught with problems. For example, the Social Security Administration (SSA) has estimated that overpayments to recipients in nursing homes may exceed $100 million per year. Overall, in fiscal year 1998, current and former recipients owed SSA more than $3.3

[15] GAO/GGD/AIMD-99-215, July 20, 1999.

[16] GAO/T-AIMD-00-96, February 17, 2000.

billion—including over $1 billion in newly detected overpayments for that year.

The annual planning process under GPRA provides an excellent vehicle for helping to address high-risk functions and programs and to ensure that clear accountability for progress is established. In our assessment of the fiscal year 1999 performance plans, we noted that precise and measurable goals for resolving mission-critical management problems are important to ensuring that the agencies have the institutional capacity to achieve their more results-oriented programmatic goals.[17] Similarly, our assessment of the fiscal year 2000 annual performance plans concluded that plans with goals and strategies that address mission-critical management challenges and program risks show that agencies are striving to build the capacity to be high-performing organizations and reduce the risk of waste, fraud, abuse, and mismanagement.[18]

Recent efforts to identify and reduce the level of improper payments in Medicare show how GPRA can help in focusing attention on mission-critical problems. Medicare is one of the fastest growing major social programs in the federal budget, and it is projected to almost double in size during the next 10 years. With responsibility for financing health care delivered by hundreds of thousands of providers on behalf of tens of millions of beneficiaries, Medicare is inherently vulnerable to fraud, waste, and abuse. Following findings from the fiscal year 1996 financial audits conducted by the Inspector General with assistance from GAO under the CFO Act, the Department of Health and Human Services (HHS) has begun to identify improper payments in its financial statements for the $170-billion-a-year Medicare fee-for-service program. HHS adopted this improper payment quantification as a measure for its annual performance plans that focus on reducing the amount of improper payments each year. Such measures are important to helping Congress and the executive branch ensure that program management is taking the steps needed to reduce improper payments.

For example, one of the goals in HHS' Health Care Financing Administration's (HCFA) fiscal year 2000 performance plan is to reduce the percentage of improper Medicare fee-for-service payments to 7 percent by fiscal year 2000 and to decrease this to 5 percent by fiscal year 2002. Spotlighting the program's payment of claims has led to a number of

[17] GAO/GGD/AIMD-98-228, September 8, 1998.

[18] GAO/GGD/AIMD-99-215, July 20, 1999.

actions to help prevent improper payments. Between fiscal years 1996 and 1998, the estimated total of payments made in error in this program dropped from $23.2 billion, or about 14 percent of total Medicare fee-for-service payments, to $12.6 billion, or about 7.1 percent of the $176.1 billion processed fee-for-service payments reported by HCFA. The drop in estimated erroneous payments was attributable largely to better claims documentation by providers rather than a reduction in improper billing practices. The bulk of what remains in the estimate of erroneous payments is attributable to such practices as miscoding payments to inappropriately enhance revenues, billing for services that are not medically necessary, and billing for services never rendered.

The Department of Energy's (DOE) fiscal year 2000 performance plan provides another illustration of the value of using GPRA as a vehicle for addressing major management problems and program risks in that the plan contains goals and measures that are designed to address those challenges and risks. For example, effective DOE contract management, another area on our high-risk list, is especially important because DOE relies on contractors to perform about 90 percent of its work. Under DOE's corporate management goal, one objective is to improve the delivery of products and services through contract reform and the use of businesslike practices. The strategies DOE identifies include using prudent contracting and business management approaches that emphasize results, accountability, and competition. DOE's plan also contains three specific measures addressing contract reform. One of these measures is to convert one support services contract at each major site to become a performance-based service contract using government standards. The goals and measures that DOE has established will better enable DOE and Congress to track progress and ensure accountability in addressing the agency's high-risk issues.

Unfortunately, we found that the fiscal year 2000 annual performance plans showed inconsistent attention to the need to resolve the mission-critical program risks that continue to undermine the federal government's economy, efficiency, and effectiveness. We found that in many cases, agencies did not address management challenges and program risks in their fiscal year 2000 performance plans. In those cases where challenges and risks are addressed, agencies use a variety of approaches, including setting goals and measures directly linked to the management challenges and program risks, establishing goals and measures that are indirectly related to the challenges and risks, or laying out strategies to address them.

Improve the Economy and Efficiency of Federal Programs

Effective congressional oversight can improve federal performance by examining the program structures and strategies that Congress and agencies have put in place to deliver products and services and ultimately to achieve results. Such an oversight effort can seek to ensure that agencies have the best, most cost-effective mix of strategies in place to meet their goals. Examinations of how program structures and strategies contribute to results are important because they help Congress and other decisionmakers assess the degree to which program approaches are appropriate, reasonable, and aligned with the agency's goals. Such discussions also are important to pinpoint opportunities to improve performance and reduce costs.

For example, the Department of Veterans Affairs (VA) owns 4,700 buildings and 18,000 acres of land, which it uses to operate 181 major health care delivery locations. VA spends about $1 out of every $4 of its $18.4 billion budget to operate, maintain, and improve its delivery locations. Without major restructuring over the next several years, billions of dollars will be used to operate hundreds of unneeded VA buildings. For example, a VA study projected annual savings ranging from $132 million to $189 million through consolidation of medical and administrative services at its major delivery locations in the Chicago area. VA needs to develop and implement realignment plans for all of its health care markets; Congress could consider a variety of options, such as greater reliance on community-based, integrated networks of VA and non-VA providers, to meet the health care needs of veterans in the most cost-effective manner.[19]

The situation confronting VA is by no means unique. Federal capital decisionmaking and planning often are not done in a systematic manner as part of the organization's larger strategic planning process.[20] In that regard, agencies' annual performance plans can help identify opportunities for more economical and efficient operations by systematically linking program strategies to the results they are intended to achieve.[21] We have found that although agencies' fiscal year 2000 plans contain valuable and informative discussions of how strategies and programs relate to goals, additional progress is needed in explaining how strategies and programs will be used to achieve results, including how capital assets will be used to achieve results. Specifying clearly in performance plans how strategies are

[19] VA Health Care: Challenges Facing VA in Developing an Asset Realignment Process (GAO/T-HEHS-99-173, July 22, 1999).

[20] Federal Real Property Management: Answers to Hearing Questions (GAO/GGD-99-130R, July 1, 1999).

[21] Agency Performance Plans: Examples of Practices that Can Improve Usefulness to Decisionmakers (GAO/GGD/AIMD-99-69, Feb. 26, 1999).

to be used to achieve results is important to Congress and managers in order to determine the right mix of strategies and to maximize performance while limiting costs.

Continued progress is this regard is important because over time, and as agencies gain experience in linking strategies to results, agencies will be in a better position to understand and discuss alternative strategies and program designs and the relative contributions these alternatives could make to results. Many federal program areas, such as health care and housing, use a range of service delivery mechanisms and program tools to achieve results. These service delivery mechanisms and program tools include, for example, regulations, direct federal service delivery, intergovernmental partnerships, tax expenditures, and loans or loan guarantees. GPRA provides the opportunity to build better understandings throughout the federal government of how these mechanisms and tools can be used individually and together to address public policy issues.

Reassess What the Federal Government Does

It is obviously important to periodically reexamine whether current programs and activities remain relevant, appropriate, and effective. Many federal programs—their goals, organizations, and processes—were designed years ago to meet the needs and demands as determined at that time and within the technological capabilities of that earlier era. For example, the Department of Agriculture's Market Access Program (MAP) subsidizes the promotion of U.S. agricultural products in overseas markets. Despite changes made to the program between 1993 and 1998, its results remain uncertain. Our work has noted several unresolved questions, including whether subsidized promotions generate positive net economic returns, increase exports that would not have occurred without the program, and supplement rather than supplant private sector spending.[22]

GPRA is perfectly suited for assisting Congress and the executive branch in identifying and addressing programs that may have outlived their usefulness. Performance goals that focus on the results of programs—and performance reports that show what has been accomplished—will provide critical information needed for making judgments about the continuing value of a given program. As goals are being set, Congress can make decisions on whether the goals are appropriate and whether the expected level of performance is sufficient to justify the federal expenditure and

[22] Agricultural Trade: Changes Made to Market Access Program, But Questions Remain on Economic Impact (GAO/NSIAD-99-38, Apr. 5, 1999).

effort. Later, as results are being reported, Congress can determine if the actual performance is sufficient to justify continuing the program.

Redefine the Beneficiaries of Federal Government Programs

Congress originally defines the intended audience for any program or service on the basis of certain perception of eligibility and/or need. To better reflect changing conditions and target limited resources, these definitions should be periodically reviewed and revised. Our work has identified eligibility rules and subsidies to states, businesses, and individuals that are no longer needed or could be better targeted without changing the basic objectives of the programs.

For example, the Federal Emergency Management Agency's (FEMA) Public Assistance Program helps pay state and local governments' costs of repairing and replacing eligible public facilities and equipment damaged by disasters. In a May 1996 report, we presented a number of options identified by FEMA's regional program officials that could reduce program costs.[23] Among the options discussed was eliminating eligibility for private nonprofit organizations, many of which operate revenue-generating facilities such as utilities and hospitals, and publicly owned recreational facilities, which generate a portion of their operational revenue through user fees or admission charges. Many of these types of facilities could have alternative sources of income sufficient to meet disaster-related costs.

As with other issues, GPRA can help Congress as it considers redefining program beneficiaries. GPRA is intended to help Congress and the executive branch focus squarely on the results and costs of federal programs. Examinations of agencies' goals and progress in achieving those goals can highlight cases where federal benefits could be better targeted to improve results and/or cut costs.

Rationalize Crosscutting Program Efforts

Virtually all of the results that the federal government strives to achieve require the concerted and coordinated efforts of two or more agencies. Yet our work has repeatedly shown that mission fragmentation and program overlap are widespread and that crosscutting federal program efforts are not well coordinated. Unfocused and uncoordinated crosscutting programs waste scarce resources, confuse and frustrate taxpayers and program beneficiaries, and limit overall program effectiveness. In addition to the well-publicized coordination problems in the nation's food safety, employment training, and community development programs, our work

[23] Disaster Assistance: Improvements Needed in Determining Eligibility for Public Assistance (GAO/RCED-96-113, May 23, 1996); and, more recently, Disaster Assistance: Information on Federal Costs and Approaches for Reducing Them (GAO/T-RCED-98-139, Mar. 26, 1998).

has shown that this lack of progress plagues other vital national program areas as well.

In spite of direction from Congress and the President, federal efforts to combat terrorism have been particularly prone to problems with interagency coordination. For example, we found that the executive branch was not tracking spending or developing priorities for the billions of dollars that it is investing in this area for an increasing number of programs and initiatives. Congress tried to correct this deficiency through legislation that required OMB to track spending and report on program priorities and duplication of effort. Although it has begun tracking this spending, OMB's 1999 report did not include any discussion about priorities or efforts to reduce or eliminate duplicative programs and activities across the federal government.

If GPRA is effectively implemented, the governmentwide performance plan and the agencies' annual performance plans and subsequent performance reports should provide Congress with new information on crosscutting programs. Then, Congress can use this information 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 programs as part of its oversight over the executive branch. This will present challenges to the traditional committee structures and processes. A continuing issue for Congress to consider is how to best focus on common results when mission areas and programs cut across committee jurisdictions.

Congress might further want to consider whether a more structured oversight mechanism is needed to permit a coordinated congressional perspective on governmentwide performance matters. One possible approach would involve modifying the current budget resolution.[24] Already organized by budget function, similar to the program performance section of the President's governmentwide performance plan, the resolution could be adapted to permit Congress to respond to, and present a coordinated congressional perspective on, the President's governmentwide performance plan.

At present, Congress has no direct mechanism to respond to and provide a congressional perspective upon the President's governmentwide performance plan. For example, Congress has no established mechanism to articulate performance goals for the broad missions of government, to

[24] We first raised this option in GAO/T-AIMD-00-73, February 1, 2000.

assess alternative strategies that offer the most promise for achieving these goals, or to define an oversight agenda targeted on the most pressing crosscutting performance and management issues.

Build the Capacity to Gather and Use Performance Information

Our work over the past several years has identified limitations in agencies' abilities to produce credible program performance and cost data and identify performance improvement opportunities. These limitations are substantial and long-standing, and they will not be quickly or easily resolved. Similarly, we continue to be concerned about the lack of capacity in many federal agencies to undertake program evaluations.[25] The absence of program evaluation capacity is a major concern because a federal environment that focuses on results—where federal efforts are often but one factor among many that determine whether goals are achieved—depends on program evaluation to provide vital information about the contribution of the federal effort.

The challenges facing EPA in collecting consistent data to provide an overall, national picture of performance are not unusual. EPA depends on state and local agencies to provide the performance information that indicates whether results are being achieved. As contained in the Clean Water Act, Congress left the primary monitoring responsibility to the states for measuring progress in cleaning up the nation's lakes, rivers, and streams. However, inconsistencies in water quality assessments and assessment methodologies from state to state make it difficult for EPA to aggregate the data and to use the information to conclusively determine whether the quality of rivers, lakes, and streams is getting better or worse over time. Absent this information, it has been difficult for EPA to set priorities, evaluate the success of its programs and activities, and report on its accomplishments in a credible and informed way.

Under GPRA, agencies are to communicate to Congress how they will verify and validate the performance information that they will use to show whether goals are being met. Discussing data credibility and related issues in performance reports also can provide important contextual information to Congress. For example, Congress can use this discussion to raise questions about problems the agencies have had in collecting needed results-oriented performance information and the cost and data quality trade-offs associated with various collection strategies. Finally, GPRA requires agencies to include in their performance reports summary findings of those program evaluations completed during the fiscal year covered by the report. Congress can use such information to obtain a

[25] GAO/GGD/AIMD-98-228, September 8, 1998.

clearer picture of the agencies' contributions to improvements in citizens' lives.

Summary

In summary, Mr. Chairman, House Committees have made use of GPRA in conducting oversight and making decisions about federal program efforts. The House also has been actively involved in overseeing and assessing agencies' progress in implementing the Act. However, the first annual performance reports, which are now being issued, offer the opportunity to move Congress' and the executive branch's use of GPRA to a deeper and more substantive level. These reports, which are to provide the first governmentwide information on the performance of federal programs, should prove valuable to Congress as it seeks to improve the performance, management, and accountability of the federal government.

We have long advocated that congressional committees of jurisdiction hold augmented oversight hearings on each of the major agencies at least once each Congress and preferably on an annual basis. Information in agencies' plans and reports produced under the Results Act, high-quality financial and program cost data, and other related information can help Congress in targeting its oversight efforts and identifying opportunities for additional improvements in agencies' management. This information on missions, goals, strategies, resources, costs, and results could provide a consistent starting point for each of these hearings and allow for more informed discussions about issues such as the following:

- What progress is the agency making in limiting its vulnerability to fraud, waste, abuse, and mismanagement by addressing mission-critical management challenges and program risks.
- Does the agency have the best mix of programs, initiatives, and other strategies to achieve results and operate in an economical and efficient manner.
- Is the agency pursuing the right goals and making progress toward achieving them. Specifically, changing circumstances and/or program performance may suggest that programs are outdated and need to be revised or terminated.
- Are the eligibility rules for federal benefit programs properly targeted and do opportunities exist for reform, reduction, or termination based on changing conditions and perceptions of need.
- Is the federal government effectively coordinating its responses to pressing national needs.
- Is the federal government achieving an expected level of performance for the budgetary and other resource commitments that have been provided.

More directly, what type of return are the taxpayers getting for their investment in the agency and its programs.

- Are there efforts under way to ensure that the agency's human capital strategies are linked to strategic and programmatic planning and accountability mechanisms.
- What is the status of the agency's efforts to use information technology to achieve results.

Finally, as I mentioned earlier, through the appointment and confirmation process, the Senate has an added opportunity to make clear its commitment to high performance and sound federal management by exploring with nominees what they plan to do to ensure that their agencies are striving to be high-performing organizations.

As you know, Mr. Chairman, I am personally committed to the successful implementation of GPRA—I have seen in my public and private sector careers how GPRA's purposes of improved performance and accountability can be achieved through the disciplined application of the goal-setting, planning, performance measurement, and reporting requirements of the Act. As a sign of my commitment, within the coming weeks, GAO will for the first time issue a strategic plan and associated annual performance plan that are consistent with the requirements and best practices of GPRA. We seek, through our strategic and annual planning process, to "lead by example" by being a model for implementation of GPRA. We do this even though we are not required to comply with GPRA. Rather, we do it because GPRA's requirements make good business sense. Most important, our strategic and annual performance plans will clearly set out our direction and show how GAO aims to better support Congress in carrying out its constitutional responsibilities and in improving the performance and accountability of the federal government for the benefit of the American people.

We are very pleased that Congress has turned to us in recent years to assess the implementation of GPRA and assist Congress in its oversight and use of the Act. We look forward to continuing to support Congress' efforts to strengthen its oversight and decisionmaking.

Mr. Chairman, this concludes my prepared statement. I would be pleased to respond to any questions that you or other Members of the Subcommittee may have.

Contact and Acknowledgments

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