

# SEVEN YEARS OF GPRA: HAS THE RESULTS ACT PROVIDED RESULTS?

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## HEARING BEFORE THE SUBCOMMITTEE ON GOVERNMENT MANAGEMENT, INFORMATION, AND TECHNOLOGY OF THE COMMITTEE ON GOVERNMENT REFORM HOUSE OF REPRESENTATIVES ONE HUNDRED SIXTH CONGRESS

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## **SEVEN YEARS OF GPRA: HAS THE RESULTS ACT PROVIDED RESULTS?**

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**THURSDAY, JULY 20, 2000**

HOUSE OF REPRESENTATIVES,  
SUBCOMMITTEE ON GOVERNMENT MANAGEMENT,  
INFORMATION, AND TECHNOLOGY,  
COMMITTEE ON GOVERNMENT REFORM,  
*Washington, DC.*

The subcommittee met, pursuant to notice, at 10 a.m., in room 2154, Rayburn House Office Building, Hon. Stephen Horn (chairman of the subcommittee) presiding.

Present: Representatives Horn, Turner, and Maloney.

Staff present: J. Russell George, staff director and chief counsel; Earl Pierce, professional staff member; Bonnie Heald, director of communications; Bryan Sisk, clerk; Elizabeth Seong, staff assistant; Will Ackerly and Davidson Hulfish, interns; Trey Henderson, minority counsel; and Jean Gosa, minority clerk.

Mr. HORN. We are here today to examine the implementation of the Government Performance and Results Act of 1993. This is a very important process.

The act was designed to evaluate whether Federal agencies and programs are accomplishing their missions. Once the law has been successfully implemented, the American people will be able to ask and receive an accurate answer to the question, what are we getting for our money? The Results Act encourages efficiency and accountability in government spending by requiring agencies to justify how they spend their portion of the Government's \$1.8 trillion budget. The law requires agencies to set goals and use performance measures for their management and budgeting.

In a 1997 hearing before this subcommittee, Christopher Mihm of the General Accounting Office testified that implementation of the act varied among executive branch agencies in quality, utility and responsiveness to the law. In 1999, the General Accounting Office found that only 14 of 35 agencies defined some type of relationship between the program activities on their proposed budgets and the performance goals cited in their plans. Yet, few of the 14 agencies explained how they would use their funding to achieve these goals.

Clearly, agencies have made progress in linking program planning with their budget requests. Yet, much work remains before

Congress can use this performance information as a significant tool in the budget allocation process. Nevertheless, once the Results Act has been successfully implemented, it will help us achieve a more efficient, effective and responsive government.

[The prepared statement of Hon. Stephen Horn follows:]

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### "Seven Years of GPRA: Has the Results Act Provided Results?"

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

Chairman, Subcommittee on Government Management,  
Information, and Technology

We are here today to examine the implementation of the Government Performance and Results Act of 1993. The Act was designed to assess whether Federal agencies and programs are accomplishing their missions. Once the law is successfully implemented, the American people will be able to ask and receive an accurate answer to the question: What are we getting for our money?

The Results Act encourages efficiency and accountability in Government spending by requiring agencies to justify how they spend their portion of the Government's \$1.3 trillion dollar budget. The law requires agencies to set goals and use performance measures for their management and budgeting.

In a 1997 hearing before this subcommittee, Chris Mihm, who is with us again today, testified that implementation of the Act varied among executive branch agencies in quality, utility and responsiveness to the law.

In 1999, the General Accounting Office found that only 14 of 35 agencies defined some type of relationship between the program activities on their proposed budgets and the performance goals cited in their plans. Yet few of those 14 agencies explained how they would use their funding to achieve those goals.

Clearly, agencies have made progress in linking program planning with their budget requests. Yet much work remains before Congress can use this performance

information as a significant tool in the budget-allocation process. Nevertheless, once the Results Act is successfully implemented, it will help us achieve a more efficient, effective, and responsive Government.

We are honored to have as our lead witnesses the Majority Leader of the House of Representatives and the Chairman of the House Results Caucus. We thank them for their participation in today's hearing.

We welcome all of our witnesses today, and look forward to their testimony.

Mr. HORN. We are honored to have as our lead witnesses, the Majority Leader of the House, the gentleman from Texas, Mr. Armey, and the chairman of the House Results Caucus headed by the gentleman from Texas, Mr. Sessions.

We welcome all of our witnesses today and we look forward to their testimony.

You know the routine here, my friend, and the full statement goes into the record automatically when you are introduced, resume and all. In a minute, I am going to yield to another gentleman from Texas. This seems to be a Texas day here. I hope the Texas Society is out here somewhere.

Mr. SESSIONS. Let us hope the rest of the year continues that way, Mr. Chairman. [Laughter.]

Mr. HORN. I agree with you.

That is how it works and in the meantime, the gentleman from Texas, Mr. Turner, our ranking member, will have his opening statement.

Mr. TURNER. Thank you, Mr. Chairman.

Being from California, you certainly defer to Texas. We appreciate it.

This March, for the first time under the Results Act, agencies Governmentwide were required to report on their results in achieving their goals. I think we all agree that this bipartisan legislation we call the Results Act has been an effective tool for enhancing government performance and efficiency. Its intent is to fundamentally shift the focus of our Federal Government and to be sure that we move from a preoccupation with staffing and activity levels to a focus on outcomes in Federal programs.

Outcomes are the results expressed in terms of real differences in Federal programs and the impact those programs make in peoples' lives such as increase in real wages earned by graduates of an unemployment training program, or a reduction in fatality and injury rates in workplaces or on our highways.

Congress and its committees can and have been involved in the Results Act at all stages. Committees have a means to develop and amend the strategic plans as well as the annual performance plans. Agency officials have said that evidence of real involvement and interest on the part of congressional committees in using performance goals and information to help in congressional decisionmaking would help to build and sustain support for the Results Act within the agencies.

As a result, as Members of Congress, we have an obligation to work with all of the executive branch's agencies to be sure GPRA is the tool that improves the efficiency of the Federal Government. I believe that a strong and sustained congressional attention to GPRA is needed to ensure the success of the act and I know that goal is shared by Chairman Horn. I commend the chairman as well as my colleagues from Texas for their strong support of this very critical effort on the part of this Congress.

Thank you, Mr. Chairman.

[The prepared statement of Hon. Jim Turner follows:]

Testimony of the Honorable Jim Turner  
GMIT Hearing: "Seven Years of GPRA: Has the Results Act Provided Results?"  
7/20/00

Thank you, Mr. Chairman. This March, for the first time under GPRA, agencies governmentwide were required to report annually on their results in achieving their goals. I believe that GPRA is an effective tool for enhancing government performance and efficiency. It is intended to fundamentally shift the focus of federal management and accountability from a preoccupation with staffing and activity levels to a focus on "outcomes" of federal programs. Outcomes are results expressed in terms of the real difference federal programs make in people's lives, such as the increase in real wages earned by graduates of an unemployment training program or a reduction in the fatality and injury rates in workplaces or on highways.

Congress and its standing committees can be, have been, and should be involved in GPRA at all stages. Committees have the means to develop and amend the strategic plans as well as the annual performance plans. Agency officials have said that evidence of real involvement and interest on the part of congressional committees in using performance goals and information to help in congressional decision making would help to build and sustain support for GPRA within their agencies. As members of Congress, we have an obligation to work with the executive branch to use GPRA as a tool in the decision making as we grapple with the formidable policy, program, and resource challenges of reducing the deficit and managing the federal government.

Strong and sustained congressional attention to GPRA is needed to ensure the success of this Act, and I commend the Chairman for having this hearing. Additionally, I welcome the witnesses here this morning.

Mr. HORN. I thank the gentleman.

Now we have the "el tremendo" gentleman from Texas. We are delighted to have the Majority Leader here. He has been a backer of the results-oriented approach from day 1. We are pleased to have him here. We will have a few questions for him but I know he has a busy day.

The gentleman from Texas, the Majority Leader, Mr. Arme.

**STATEMENTS OF HON. RICHARD K. ARME, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF TEXAS, AND MAJORITY LEADER, U.S. HOUSE OF REPRESENTATIVES; AND HON. PETE SESSIONS, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF TEXAS AND CHAIRMAN, HOUSE RESULTS CAUCUS**

Mr. ARME. Thank you, Mr. Chairman.

Let me first appreciate the work that your committee has done. I think as much as any committee in Congress, this subcommittee and this committee has led our efforts under the Results Act.

The Results Act, as you know, was passed in 1993 and it was designed to bring accountability and performance in government agencies to the American people. Every one of us, as a Member of Congress, will get testimony from back home in that area of our work which we most often refer to as case work about the extent to which the agencies are providing the services in the lives of our constituents, the American people, who pay for these agencies, and by whose authority the agencies exist. All too often we find ourselves frustrated along with our constituents in the agency not performing.

This has been, I think, a particularly heart warming experience for me to be able to be involved in the Results Act. The Results Act basically says to every agency, have a clear understanding of what you are doing, be able to express that to us, tell us what your mission is and give us some evidence of your ability to achieve the results you desire.

We give the agency a great deal of latitude there. If we have a quarrel with what they believe and express to be their mission, we can take that up legislatively, but the fundamental question is, do you in fact have an ability to demonstrate that you are getting results, even as you define your mission? We have encouraged this.

I have to tell you, to a large extent, what we did when we passed the Results Act was ask the agencies to conform to a new regime of accountability. I, for one, was more than willing to be patient and encouraging. I have always argued that for any of us in any occupation of our life, adaptation to change the adoption and the performance under new regimes are always something we must have some time and encouragement in doing, and we have done that.

What you have seen happening simultaneously over the past couple of years is congressional oversight that has been designed to in fact encourage greater performance—your scorecards being very important in that regard—and at the same time, for us to give a very strong view of the results that are there.

I think, quite frankly, this Congress has been encouraging and it has been diligent in oversight. You have seen the oversight ex-

tension go to other committees across Congress and more committees have taken up the understanding of the implementation of their role in oversight in this regard.

I have to tell you, Mr. Chairman, despite all the time and effort that we have spent being encouraging in this manner, I have come to a moment of some disappointment. Our latest evaluations of performance are frankly disappointing to me. Every agency in the Federal Government has had a chance to travel that learning curve and frankly, should be doing better, each and every one of them.

I think we need to appreciate the performance of the General Accounting Office. They worked very hard on this, they have taken it seriously and they have been very supportive again, both to the committee and to the agencies, but we have had independent reviews that have supported their own analysis from George Mason University and other reviewers across the country that it just isn't working well enough for the American people.

I think what we need to do today perhaps is start to just step it up another level. My friend, Pete Sessions, came to me early on when we began talking about Results Act and said, I would like to form a Results Caucus. He and his caucus have been very active in that and we will hear from Pete in a moment.

While I don't think we should ever be a singularly discouraging voice out there, I think while we continue our encouragement, we must at this point be a little demanding.

Finally, let me say two final points. One, I have taken that initiative a little bit with something that perhaps you have seen the "waste-o-meter." We try to keep a better track of this, try to publicize the results and try to arm our budgeteers and appropriators with real information should it become necessary as we try to implement an overall, rigorous budget process, fighting against demands for new, more spending, to document that spending is not necessarily justifiable given the levels of waste we have uncovered from the committees reporting today and the reports we have had, and the fine work of GAO, some \$16 billion uncovered already this year, that we have talked about.

Finally, if I might chafe a little under the bit, at or about the time we created the Results Act, the Vice President of the United States, Al Gore, was billed as the administration's leader in this effort in what he called the whole effort to reinvent government. I know there was a great deal of public relations there but the fact of the matter is that the Results Act and any efforts to reinvent government, enforce accountability in Government lay fallow until this congressional majority took over in 1995.

Therefore, it irritates me a little bit when constituents come into my office with severe disappointments, sometimes heartbreaking disappointments about agencies that just aren't performing as they should be for them. People come to my office here, people sometimes with multibillion dollar private agreements that are being held up by some agency that just won't make a decision.

We don't necessarily sit in Congress and say to the agency, you should make this or that decision but I think we have a responsibility to say, make a decision—a disservice to the people by virtue of agencies not performing.

To have the Vice President criticize this Congress that has tried through all our oversight efforts in so many ways to encourage this better service, refer to us as a do nothing for the people Congress, I must say gets under my skin a little bit. I have to say, where were you, Mr. Vice President, after all the publicity waned over re-inventing government; where were you when it came time to dig in as committee after committee has done here and implement the rigor, maintain the oversight and continue the encouragement and at times, if necessary, express some anger?

We have done that. Your committee has done that. As I said, other committees have done that and the fact of the matter is, we are getting improvement, but it is not coming fast enough. You will hear further testimony today about that.

I guess my parting word would be, let us not only continue but continue to expand our effort across the Congress to implement this because the goal is worthy. The objectives of the Results Act are laudable. We have said to the American people, we are determined to not only make it clear in every agency of this government, a shared understanding of what your mission is, what your duty is to the American people, but to give one another encouragement, prodding and at times, if necessary, criticism in seeing to it that the American people get the services they deserve from the agencies created by this Congress on their behalf.

Let me again thank you for letting me be here this morning. Let me again encourage you to continue your fine work and I express my firm belief that as we continue in understanding and implementing GPRA, we will make this government a government that is a better service in the lives of its constituents and that is what this government has an obligation to be.

Thank you.

[The prepared statement of Hon. Dick Armey follows:]

**Statement of Representative Dick Armey  
Before the Government Management, Information and Technology Subcommittee  
July 20, 2000**

**Introduction**

I am delighted to testify today to evaluate government agencies' implementation of the Government Performance and Results Act of 1993 (Results Act). How well the agencies comply with the Results Act has a direct bearing on the ability of Congress to conduct its oversight obligations and make informed spending decisions. While improvement from the agencies is needed, it is indisputable that the work and the dedication of this Subcommittee to its mission of government reform has, like this act, focused on results.

The other day Vice President Gore dubbed this a "Do Nothing for the People Congress," giving proof to the old adage that those who work in glass White Houses shouldn't throw stones. This Administration has taken government waste and mismanagement to new heights. Indeed, if there's a "risky scheme" in Washington these days, it isn't tax cuts. It's entrusting our tax dollars to the same people who've been guarding our nuclear secrets. With the Results Act, Congress gave the executive branch the opportunity to transform itself but this administration has failed to take full advantage of this tool.

**Why the Results Act Matters**

Congress is a deliberative body. We represent a large country with widely divergent views. One thing this Congress can agree on is that the laws we pass must be carried out by the Executive Branch in a straightforward, efficient, prudent and intelligent manner. We all agree that when we pass laws, we want to know the results.

The Results Act we passed eight years ago recognizes that government must be held accountable. Used properly, the Results Act is a powerful tool by which agencies can measure their performance and root out the waste, fraud and abuse of taxpayers' money.

Though some in Washington sometimes lose sight of this basic fact, our federal government exists for the people. Federal agencies are and should be expected to spend tax dollars efficiently and to implement the laws Congress passes as they are intended—to achieve results. The most brilliant laws can fail to make America a better place when the execution is mis-handled.

There is good news. The Results Act has created a paradigm shift in Washington, D.C. Today, agencies' are judged on results out instead of dollars in. Yet eight years after the Results Act was enacted, our government is still too big and spends too much.

We need to hone government's ability to use this tool to receive information from agencies about the size and location of inefficiencies, waste, duplication and mismanagement within the executive branch.

This knowledge has profound implications for what Congress does when it legislates the size of spending bills and tax cuts. I have often said that the enemy of good management is poor information. When negotiating Congress's spending bills with the Clinton-Gore administration, who desire significantly higher spending levels year after year, knowing how much and where money is wasted will help to reach an agreement that makes sense for taxpayers. Money that is being mis-used in Washington should be returned at once in the form of tax cuts. Spending increases should be considered carefully and done sparingly when a department refuses to be held accountable. Last year, during Budget negotiations, the Congress successfully called for an across the board cut using examples of waste, fraud and abuse in government as a justification.

#### **How the Results Act Works**

The Results Act requires government agencies to provide Congress with annual reports on their performance, much like corporate annual reports. This tool gives Congress the ability to identify what's working, what's not, what's wasted, what's duplicative, and to end wasteful and unnecessary spending. These laws are not ends in themselves; rather they are a means to obtain systematic, credible information about the operations of the federal government, while holding government accountable to the taxpayers. The core tenant of the Results Act is "you get what you measure."

#### **Agency Improvement Needed**

It is not surprising that the non-partisan General Accounting Office, the Office of Management and Budget, the Mercatus Center of George Mason University, and many of our congressional committees have each independently evaluated compliance to the Results Act and found improvement necessary. After all, if the agencies had been operating at maximum efficiency, the Results Act would not have been necessary in the first place.

The non-partisan General Accounting Office (GAO) report to Congress states, "on the whole, agencies fiscal year 2000 performance show moderate improvement over the fiscal year 1999 plans and contain better information and perspective. However, key weaknesses remain and important opportunities exist to improve future plans." The GAO listed their evaluation of the strengths and weaknesses:

#### **Major Strengths:**

- Contains results oriented goals and quantifiable performance measures
- Generally discussed strategies and resources for achieving intended performance
- Discuss data limitation and external factors affecting results

**Key Weaknesses:**

- Does not develop clear linkage between agency and individual country goals
- Does not identify the full range of other agency and other donor programs that may contribute to achieving overall goals.
- Continues to rely on weak financial and program results data.

The Mercatus Center measured the quality of the semi-annual report itself, required for the first time by March 31, 2000 under the act and found “Most federal agencies’ annual reports need to be clearer, more honest and easier for people to find.”

A Mercatus research team evaluated the quality of 24 major agencies’ reports. The analysis focused on three areas: clarity and accessibility of the reports to the public, demonstration of agency results, and leadership in identifying problems and offering solutions to them. The average score was 31 points, with the top-ranked agencies scoring almost 20 points above the average and those in the bottom tier scoring about 10 points below average. The Agency for International Development received the most points with 52, out of a possible 60, while the National Science Foundation finished last with 21. The Departments of Commerce and Agriculture made the bottom three.

At my request, the committees completed a survey evaluating the compliance with the Results Act of the agencies under their jurisdiction. The average score from the Committees was just that: average compliance. The Results Act has succeeded in changing the culture in Washington; while conducting congressional oversight, committees have the opportunity and constitutional responsibility to demand improvement.

**Tracking Wasteful Spending**

The Waste-O-Meter, which you may find on my website, [www.freedom.gov](http://www.freedom.gov), tracks government waste, fraud and abuse in government. This is good news and bad news. The good news is that the oversight arm of Congress is doing its job thoroughly. The bad news is that the re-invention of government hasn’t stopped bureaucrats from wasting taxpayer’s money. Always a daunting task, Congress must continue to push bureaucrats into working quickly, efficiently and effectively for all Americans. While conducting oversight and forcing compliance with the Results Act is not always a glamorous task, it is an essential part of creating and implementing good public policy.

This year, the committees have been holding hearings, meeting with the non-partisan inspectors general, reading reports from the departments and finding *billions* of dollars that bureaucrats in Washington have wasted. The Waste-O-Meter tracks the most recent examples uncovered by the diligent work of House members and their committees. Since the end of March, the Waste-O-meter has already climbed to over \$16 billion

dollars. From the classroom to families in need of housing, taxpayer dollars are failing to reach their intended target because an agency mis-manages or outright steals taxpayers dollars. Our job is to hold them accountable.

As the committees continue their work in the next few months, the Waste-O-Meter will continue to compile the total waste, fraud and abuse identified by Congress. This number is already in the billions. Congress is conducting an aggressive, vigilant agenda with respect to oversight. Reforming Washington with our oversight responsibilities will ensure that every tax dollar that comes out of the wallets of our constituents is put to use to make America better.

### **Conclusion**

With the Results Act, federal agencies and congress have a tool they need to strengthen government efficiency. It is incumbent upon both branches of government to use this tool to the fullest advantage. The committees have been diligently pursuing their oversight work. Government agencies must do their part and improve their compliance with the Results Act. Until then, any criticism that tax relief is "risky" should simply be dismissed. The danger clearly lies in the risk of tax dollar mis-managed by federal bureaucrats.

In conclusion, I wish to thank this Subcommittee and in particular the Chairman's commitment to government reform. Your leadership inspires us all to continue to demand accountability in our government.

Mr. HORN. We thank you. Those are very worthwhile bits of wisdom. By the way, when we did take over this committee in 1995, we did offer an invitation to the Vice President on several occasions and we told him it wasn't one where we were going to crab a lot about it, we just thought he was trying to do a good job and we will give you a forum. We wouldn't even get that.

Let me ask you on this serious business. I have a feeling, and I did say it once either in the retreat or in the conference but nobody listens to humble subcommittee chairs but they will listen to you.

I think under your leadership, if we can get the chairs of the full authorization committees, the chairs of the Subcommittees on Appropriations, and get their political counterparts—Presidential nominees, be it Secretary, Deputy Secretary, Assistant Secretary—in the same place around a table and say, we have read through what some of your goals are, show me where in the law this is based. I just think we have to get a dialog of principals, not just a dialog of staff. With all due respect to the wonderful staff around here, the fact is, they are not elected and the executive branch at least has the imprimatur of the President's nomination and the confirmation of the Senate. I think that closure has not been very good.

Mr. ARMEY. I appreciate that point. I couldn't agree with you more. It has to be a full partnership. This is a big government. Any big enterprise like this, it is easy for people to lay down on the job and let it be overlooked or to have confusions about what their jobs are and let that not be clearly understood.

It does take a partnership effort I think between the House, the Senate and the executive branch to make something that is frankly this bold and large—imagine this. If you went before any college class in America and said, my job is to make sure the Federal Government, as large as it is, never misses a beat in serving to the best of its ability, the needs of the American people, you would astound people with just how enormous that task is. No small group of people can do that. We must all work on it together.

That is why I have tried to use the authorities of my office to encourage that and I think your point is well taken. We have to do a better job all the way around.

Mr. HORN. I thank you and I know you have other things to do but if you want to stay and listen to Mr. Sessions, fine. We would welcome you.

Does the gentleman from Texas have any questions for the Majority Leader?

Mr. TURNER. No.

Mr. SESSIONS. Majority Leader, are you going to stay or stick around?

Mr. ARMEY. I might stay a little bit because I am so proud of you. If I may, Mr. Chairman, my good colleague just got a clean bill of health from Baylor University and they said he was good looking too, so I am going to stay.

Mr. SESSIONS. It is true, I went in for a little bit of day surgery and everything turned out all right.

I thank my good friend, the Majority Leader.

Mr. SESSIONS. Mr. Chairman, thank you so much for asking me to be here today.

I would also like to give the same accolades to the gentleman from Texas, Mr. Turner. He and I have numerous conversations, as you and I do, Mr. Chairman, and I have found that Mr. Turner is not only focused on government efficiency, but that his answer to the problems is right in line with the things you and I are attempting to accomplish. I would like to applaud the gentleman for his leadership and work on that also. I thank Mr. Turner for that.

As you know, the Results Caucus is interested in giving this government every single dollar it needs but not a penny more. Today, you are hearing testimony from Majority Leader Armey from Texas talk about his observations as the father and leader of the GPRA and other things that have come through this Congress that would empower and give stature to government agencies to be able to resolve their own problems.

Mr. Armey and I have, for quite some time, decided that there is a time and a process that would allow this government the opportunity to see that a process that would encourage efficiency was important. We have also decided that we were not going to become frustrated, that we were going to work with agencies, work with GAO, work toward resolution of problems.

The fact of the matter is that I believe the gentleman from Texas, Mr. Armey and I concur. It seems like the government has had time to work through these problems and they have not made as much progress as either one of us would have wanted.

The Results Act, as you know, was a challenge for agency directors and those managers of the government to run their agencies more efficiently. It was created as a challenge, as an opportunity for them to focus on the near term needs of the government by them establishing those goals and directions they would like to go into.

The fact of the matter is that as technology and time has played its course, many Federal programs are still dramatically underperforming, inefficient and have become functionally obsolete. This government and its managers have not even recognized those changes and taken hold of that.

I believe that the Results Act, which was designed to address those problems as well as to functionally require that the Government managers would be attuned to those changes has not worked. I have not seen agencies using the Results Act as a helpful management tool. I will repeat, I have not seen the agencies use the Results Act as a helpful management tool which it was completely designed for.

The performance plans the agencies produce are often still too broad, they are attempting to solve every agency problem with a large stroke of a brush rather than specifically focusing on a structured performance plan to focus or to move toward reform by addressing those immediate problems that face their agency.

I continue to have, as Majority Leader Armey and both you, Mr. Chairman, and Mr. Turner, regular talks with agencies about their performance, regular talks with agencies about how they perform their job. I will tell you that the feedback I hear is that the man-

agers of the government see the Results Act as cumbersome and yet just another hoop to jump through.

I am disappointed. I am disappointed because I do not believe that the agencies have looked at what this is all about. I don't believe they have worked hard enough to make it work and I further do not believe that they view it as a value added process.

We will continue to focus on the job of oversight. Mr. Arme y and I will continue not to be frustrated, but I will tell you, Mr. Chairman, we will not yield back to believing that the Government, regardless of how big it is, should not be efficient. We believe a government or an organization, even the smallest in this Government, should become efficient and should do what its mandate is laid out to be.

Last, I would say this. While I have said we are not going to be frustrated, you can anticipate and expect that the Majority Leader and the Results Caucus led by me will continue to speak out on the issues where we see problems. We do appreciate what this committee is doing as well as the gentleman from Indiana, Mr. Burton, and the whole committee, and we want to continue working with you.

Today, you are going to hear from people who have specific examples, ideas about how we can make it better, and I encourage this committee to address that in the way they choose. We will continue to be a value added partner.

I thank you for the opportunity to be here.

Last, I would say this, and ask unanimous consent to say this, I have a professor to my right, Dr. Arme y; I also have a professor from my university, Dr. Weldon Crowley, who is here. Dr. Crowley was my history professor. So many times we talk about learning things in fifth grade, how government works and playing them out here. In this case, it was at Southwestern University as a young student where my professor, Dr. Weldon Crowley, a man who is very distinguished in what he does, to teach me the ways of government and here we are playing them out today with the Majority Leader and this esteemed committee.

I thank you, Mr. Chairman.

[The prepared statement of Hon. Pete Sessions follows:]

Good Morning, I'd like to thank Chairman Horn, and the Subcommittee members for allowing me to testify today on the Government Performance and Results Act. I appreciate all the witnesses joining me today in support of improving Government efficiency through the Results Act. It is my hope that this hearing will help Congress identify the billions of dollars, lost each year on waste, and mismanagement in our government programs, and return these precious taxpayer dollars back to their original owners.

As Chairman of the Results Caucus, I have sought to highlight waste, inefficiency and mismanagement in our government and look for innovative solutions to these problems. Accordingly, I have been working

with the Republican leadership, the General Accounting Office (GAO) and Federal Agencies to achieve a smaller, smarter, common sense government.

I am interested in giving government every single dollar it needs but not a penny more. Each session of Congress, the GAO compiles a list of government spending that falls under categories of Waste, Fraud, and Abuse. GAO has identified waste, fraud and abuse in government programs in amount of over \$800 Billion in the last 5 years.

These egregious examples of duplicative and wasteful programs are listed in GAO's High Risk List. It is the goal of the Results Caucus to use the tools provided in the Results Act to ensure that agencies provide Congress and the American people

with a clear mission statement in addressing the High-Risk list.

By enacting the Results Act, the Republican majority sought to empower government agency directors with the ability to manage their own businesses. This is a challenge for agency directors to look at their mission statements and find savings that are wise and productive and that would enable increased efficiency and operation in their own departments.

As our technology changes, federal programs often become under-performing, inefficient, and functionally obsolete. Many of these federal programs will find their way onto the High- Risk list where they could remain for years without anyone addressing the problems. I believe the performance plans laid out in the Results Act can be used to address those problems noted on the High- Risk list.

Unfortunately, I have not seen agency's using the Results Act as this helpful management tool.

The performance plans the agencies produce are often broad in their attempts to solve every agency problem with a large brush stroke of new management plans and ideas. I believe the agencies should use the performance plans to focus on a more structured plan of reform—one that addresses two or three of the more immediate problems facing the agency.

In my continuing dialogue with the agencies I have heard that most directors find the performance plans to be cumbersome and tedious. The directors see the performance plans as another form to fill out or another hoop to jump through for Congress in order to appease the appropriators and leadership. Agency plans should not be just another binder in a supply

closet. Agencies should use these plans to create a new culture within their bureaucracy that focuses entirely on a future mission statement. If the agency director does not make use of this wonderful management tool, then Congress should look at ways to refocus these directors on streamlining their operations. This congressional action should include continued hearings and oversight---and in the worst cases of mismanagement reducing appropriations for those programs.

I thank the Chairman for the opportunity to participate in this hearing, and I thank all the witnesses for sharing their time and information with us today.

Mr. HORN. We thank you and we welcome you to the chamber here. I know it must have been tremendous to get all that knowledge in his head and maybe you should be a distinguished trustee professor for life as a result of that. [Laughter.]

We thank the gentleman from Texas, Mr. Sessions. He has done a terrific job with the Results Caucus. We will be putting out our dear colleague bit which I hope will help you based on the General Accounting Office, as to where the waste is in a lot of agencies which we have done about every 6 months or so.

Thank you both for coming.

Unless Mr. Turner has some questions, you have heard mine and I thank you very much.

We will have now panel two, the Honorable Joshua Gotbaum, Christopher Mihm, Maurice McTigue and Ellen Taylor.

[Witnesses sworn.]

Mr. HORN. The clerk will note the four witnesses have affirmed the oath.

We will begin with the Honorable Joshua Gotbaum, Executive Associate Director and Controller, and Acting Deputy Director for Management, Office of Management and Budget. I think you have appeared three times or so this last month. We thank you.

**STATEMENTS OF JOSHUA GOTBAUM, EXECUTIVE ASSOCIATE DIRECTOR AND CONTROLLER AND ACTING DEPUTY DIRECTOR FOR MANAGEMENT, OFFICE OF MANAGEMENT AND BUDGET; CHRISTOPHER MIHM, ASSOCIATE DIRECTOR, FEDERAL MANAGEMENT AND WORKFORCE ISSUES, U.S. GENERAL ACCOUNTING OFFICE; MAURICE MCTIGUE, DISTINGUISHED VISITING SCHOLAR, MERCATUS INSTITUTE, GEORGE MASON UNIVERSITY; AND ELLEN TAYLOR, POLICY ANALYST, OMB WATCH**

Mr. GOTBAUM. Yes, Mr. Chairman, but since each of them is something that is quite important to the business of government, I am actually grateful.

Mr. HORN. You know the routine which is your paper is already in the hearing record. We would like a summary of it and you don't have to read it because we have read it.

Mr. GOTBAUM. I appreciate that.

I would note that I am joined this morning by a number of folks from OMB staff, including Jimmy Charney, Texas A&M, 1996, who wanted me to make sure you knew that Mr. Turner's colleague was an alumnus of his.

I don't want to spend a lot of time in this committee talking about the importance of GPRA because I think it is crystal clear that this committee recognizes it is important. I think it is important to affirm that the administration does too and that as this committee knows, each year we put out a set of priority management objectives. For the last several years, performance measurement has been PMO 2 because Y2K was PMO 1. This year performance management, using performance data, is PMO 1.

The story of our implementing this law, which was passed with bipartisan support and which we strongly endorse, is I think a story of real effort and some real success and a long way to go. I think we should be honest about that.

I have listed in my testimony the fact that 100 Federal agencies have turned out strategic plans and performance plans and performance reports and this year, for the first time, they all turned out performance reports and we think this is a very important milestone.

What I would like to do is talk about the risks that we face—how we go from here—and what the challenges are. I am happy to talk in questioning about what individual agencies have done.

We are still learning what the right measures are. This is a difficult task, something the Government hadn't done before, particularly systematically and certainly not with the force of law. GPRA is not a one size fits all business. What we find is that as agencies develop their measures, and try to implement them, there is a trial and error process. That necessarily involves error and it involves allowing people to learn from their mistakes.

Let me list one of my personal favorites which is the Occupational Safety and Health Administration. OSHA wanted to implement the law, so they said, we are going to measure and keep track of the number of inspections we do. Then they realized that this was an intermediate measure, a measure of their effort but not a result. They said, we are really in the business of workplace safety, so maybe we should be tracking and measuring and sending our troops based on where the workplaces are safe or not safe. They reformed the way they did business.

This had a couple of powerful effects. One, it enabled them to be more effective in their job, and two, it enabled the businesses they regulate to understand what the right goals were. I mention this because I think it is very important as we implement GPRA and as you provide oversight to both encourage these guys to do it and allow them to make mistakes and encourage them to correct and improve the results.

We need both outcome and output measures. There are some who say that agencies should only be measured by how they are doing in reducing poverty or improving the quality of housing, or reducing unemployment rate. We agree that agencies should be measured by that but it would be a mistake to throw out all measures of output because it matters to the Government, it matters to the citizens, and I believe it matters to the Congress how efficiently agencies do things.

So while I think it is very important that we keep track of measures of unemployment and how they change as a result of job training programs, if we can figure that, it is equally important that we tell the Social Security Administration that they ought to watch how long it takes for them to answer the telephone.

The real challenge of GPRA is moving beyond report writing. It is in taking performance information and using it in program management and budgeting. There are people who argue that we should measure the success of our implementation of GPRA by the clarity of reports or the validity of the data used. I must strenuously disagree. They matter but those are output measures. Those are not outcome measures.

The outcome that we are trying to get is to have performance information used routinely by agencies to measure how they manage

their programs and by OMB and you in how you review their programs and their budgets.

This is hard stuff because it means you have to pick the right measures, you have to put them out there and get agreement on them, you have to put them in your management systems and then you have to use them, but we are beginning.

In budgeting, we have always used and looked for, performance information. What GPRA has done is added the force of law to that requirement and as a result, we are increasingly using performance information in budget decisions. I have listed some examples in my testimony.

OMB strongly supports this. We are using it. We too are learning how to incorporate performance information into the budgeting process. We started by giving guidance on plans and then when we got the plans saying how do you incorporate this into budget decisions? We then said to the agencies, send us performance information with your budget plans. We started using it internally.

This year we moved a step ahead: We said to the agencies, send us your performance plan as part of your budget submission. What we were trying to do was ask the agencies to integrate performance measures and budgeting so that we can do a better job. As a result, we hope you will agree they will do a better job.

We have a very long way to go. We have a long way to go in improving the measures we use, a long way to go in integrating them into management and budget, and we have a long way to go in realigning budgets, programs and organizations as a result of those reviews, but we are, I hope the committee recognizes, beginning. This leads me to my last point, which is the role of Congress.

We are enormously grateful for the attention that this committee and this Congress places on the Government Performance and Results Act. We think it is essential that you review progress and hold everybody's feet to the fire.

I view this as an issue of combining patience and pressure. One of the things for which we are grateful is that the Congress has recognized this is a trial and error process. We have to keep working at it. I was enormously gratified at the statements by Congressman Sessions and Mr. Armey because they recognize this takes time. But you have to hold our feet to the fire.

That is really my last request, which is that you continue to do so. Hearings like this one, every time you hold one, send a message. Your suggestion, Mr. Chairman, of combining forces with appropriations and authorizing committees would make the message even clearer. We hope it is something the Congress will take to heart.

In closing, all I will say is, however you choose to do it, we are committed to working with you, to delivering on the promise of performance, and as a result, to deliver the quality of government the American people deserve.

Thank you.

[The prepared statement of Mr. Gotbaum follows:]



EXECUTIVE OFFICE OF THE PRESIDENT  
OFFICE OF MANAGEMENT AND BUDGET  
WASHINGTON, D.C. 20503

**USING PERFORMANCE DATA  
TO IMPROVE GOVERNMENT PERFORMANCE**  
**Implementation of the Government Performance & Results Act**

**Testimony of Hon. Joshua Gotbaum**  
Executive Associate Director & Controller  
Acting Deputy Director for Management  
US Office of Management & Budget

before the

**Subcommittee on Government Management, Information and Technology**  
**Committee on Government Reform**  
**US House of Representatives**

July 20, 2000

Mr. Chairman and members of the Committee,

I appreciate the opportunity to appear before you today, to review the progress the Federal Government has made in carrying out the Government Performance and Results Act and to raise some of the challenges we have yet to overcome. My testimony today will focus on the progress OMB and the agencies have made in developing performance information and applying it to budget decisions and program management.

This Committee has voiced a strong and ongoing commitment to what GPRA can do for government programs, government managers, and the American public. Your support for these efforts through hearings such as this one is critical and very much appreciated.

**Why GPRA Matters**

As one who has worked both in business and government, I am respectful both of the similarities and the differences between the two. Unlike business, government is not measured by a profit margin. Whereas the health of any business will ultimately be judged by a comparison of revenues and costs, in government that comparison is simply not meaningful. In no case is a government agency or program established solely or even primarily with the goal of maximizing net receipts. The purposes of government are far more varied: to provide for our common defense, to help those who cannot afford to help themselves, to protect our environment, and dozens of other purposes.

That's why GPRA matters: it forces all of us -- from agency managers to OMB and Congress -- who are responsible for stewarding the public's resources to focus on our "bottom line", performance and results. It requires agencies to create goals and performance standards, and to establish measures so we know whether and how we met them. GPRA reinforces accountability: What results are we as managers and decisionmakers getting? How well are we doing in implementing programs? GPRA helps us tell the American public what they are getting from their government.

## GPRA: Testimony of Hon. Joshua Gotbaum

In one sense, what GPRA requires is not new. We have always asked for, and used, performance information. In our role as stewards of the efficient use of resources, both OMB and Congress have always sought to know what programs actually do. We have always asked "How many people are helped?", "How long will it take to complete a project?" and "What effects will this program actually have?" Nonetheless, GPRA does establish in law a process, and a language with which to communicate about performance and results. The process is the creation and review of strategic plans, performance plans, and performance reports. The language is the vocabulary of inputs, outputs, and outcomes: by using these processes and this language, we constantly challenge ourselves to tie decisions about resources and program management to actual performance and results.

One of the lessons that one learns working in the Executive Office of the President, and perhaps this happens in the Congress as well, is there is overwhelming pressure to deal with the "urgent," which too often crowds out the time for issues that are merely "important". Too much time is spent on fighting fires and not enough on preventing them. GPRA forces us to take the long view: to consider our goals and measure our results.

#### What We Have Done

Almost seven years ago, President Clinton signed GPRA into law. The Act was passed with bipartisan support from the Congress and the Administration. Many recognized GPRA's promise, but they were also mindful of the failed efforts in the past. Many thought the legislation would simply fade away. They were wrong.

In these seven years, we have accomplished much. Almost a hundred Federal agencies developed strategic plans. They followed up with three sets of annual performance plans, and this past spring completed the first-ever set of annual performance reports.

Many agencies did an excellent job of developing useful, informative FY 1999 performance reports. It's worth mentioning some examples, to give you a sense of these efforts:

**DOT: *Tying Program Decisions to Results*** The Department of Transportation tied its various programs -- air, rail, highway, etc. -- to five department-wide objectives -- such as safety, economic growth, and mobility. They then tracked performance by these measures, which are heavily oriented toward *outcomes* (i.e., reduction in transportation related fatalities and injuries), rather than intermediate measures of program performance ("outputs" in GPRA parlance). DOT is clearly using strategic planning and performance management to manage programs and set priorities. When DOT needs to redirect its efforts, or shift priorities, they do so.

**ED: *Recognizing That Many Factors Influence Results*** The Department of Education has worked hard both to develop measures of effectiveness and, at the same time, to be honest about these measures' limitations. Many of ED's programs are grant programs that operate by funding the work of non-profits, states and local governments. Therefore, while they do keep track of the ultimate outcomes (e.g., nationwide literacy), they also recognize that these are affected by many factors beyond the particular grant program. This is a challenge that faces many Federal agencies.

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We were especially pleased with the performance reports because they were based on the FY 1999 performance plans – plans that were drafted when agencies were still in the early stages of grappling with goal setting and performance measurement.

Agencies are revising and refining these measures. They are now working on the second set of strategic plans, which will be sent to Congress this September. Next spring, agencies will send their fourth set of performance plans to Congress. We will continue to work with agencies' whose reports need more attention to content, presentation or quality. In future years, we expect these efforts will be even stronger.

When you reflect on where most agencies were seven years ago in performance management, their progress since that time is heartening. Before 1997, how many agencies had ever prepared a strategic plan? Before this past March, how many agencies ever publicly documented what the public has gotten for the money these agencies spent?

#### Still Learning the Right Measures

As with other management processes, performance measurement doesn't come in a box, ready to use. It has to be learned, and learning involves making mistakes. That is why an agency's performance goals must not be frozen in time. They must be refined, changed, augmented, and sometimes dropped. If we freeze requirements too quickly, we will get the wrong measures.

"Output goals" -- intermediate measures of program performance -- still predominate in most agency plans, but the number of outcome goals is increasing. For example, the Occupational Safety and Health Administration (OSHA) in the Department of Labor originally measured its performance in terms of the number of inspections made and citations issued. Then OSHA recognized that, since its real goal was to reduce workplace injuries, it would be more effective to focus on that measure. They have since redesigned their programs to target resources on workplaces that have a greater risk of injury. As a result, OSHA is both more effective and imposes less burden on the parts of industry that have safe workplaces.

The Department of Housing and Urban Development (HUD) is another example. In its FY 1999 performance plan, HUD's goals for its "empowerment communities" objective in FY 1999 focused on many *output* measures, such as developing standardized assessments, developing tracking systems, and maintaining historic levels of households assisted. The FY 2001 plan adds *outcome* goals and measures: HUD proposes to track, and hopes to decrease, disparities in the ratio of city to suburban unemployment rates; and reducing the unemployment rate among young, entry-level job seekers in central cities.

We have also begun working to develop some measures that apply across agencies. Although much more needs to be done, even in these early stages we've been able to use this information to improve government-wide management: For example, working through the interagency Procurement Executives Council, we recently adopted a set of performance measures for core acquisition systems. This "Governmentwide Acquisition Performance Program" will enable the government to assess -- for the first time -- its ability to obtain the best value products and services on a timely basis, while maintaining the public's trust and fulfilling public policy objectives such as promoting small business participation.

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As we continue to work, we want to expand the range of goals and measures, and encourage more agencies to move from to outputs and outcomes.

We recognize that GPRA is not a one-size-fits-all proposition. No single measure of performance could possibly meet the needs of 100 different agencies, many of which have hundreds of different functions. Agencies' programs and goals vary, and their performance measures should, too. The performance measures for, say, processing disability insurance claims in Social Security are markedly different from the measures used to award grants at the National Institutes of Health. Furthermore, since many Federal programs are implemented by States and/or local governments, we need to develop agreement on measures for tracking this performance as well.

Choosing the right measures, ensuring that the systems to track them are in place, and then to use the information: this is necessarily an iterative, trial-and-error process. It isn't quick and it isn't easy, but it is important. And it is important to do it right.

#### Moving Beyond Report Writing

The real promise and challenge, however, is not in writing reports, even very good ones. The real task is in learning better to use performance information in making decisions and managing programs. GPRA compliance should not be measured, as some have argued, by the clarity of agency reports or the verification and validation of the underlying data. The test must instead be "How much are we using performance information to better manage programs?" and "Are we using performance information to help make decisions about budgets and other resources?"

This is the real challenge of GPRA: using performance information to get better results. In these efforts, we have begun to make progress; nonetheless, much more remains to be done.

Using performance information requires that agencies change the way they collect information, the way they manage their programs, and sometimes even the way they are organized. As this committee knows so well, when government must change these basic activities, the process is neither quick nor smooth. (Recall the element of trial and error I mentioned earlier.) Nonetheless, we are beginning.

As a result of the need to develop better performance measures, some agencies have begun major program evaluations to help identify contemporary needs, better program delivery mechanisms, and outcome measures.

Other agencies have begun to automate performance reporting, so that they can see how changes in management affect performance and results. And a few are beginning the further step of combining their financial and performance management and reporting systems, so that they can answer that most basic of taxpayer questions, "What have you done for me lately, and what does it cost?"

On this point Mr. Chairman, I would note that about a third of the CFO Act agencies chose to combine their FY 1999 accountability reports with their FY 1999 performance reports. The legislative authority for accountability reports has expired, and needs to be renewed if agencies

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are again to have the option of integrating and streamlining these reports in the future. We would hope that when legislation reauthorizing accountability reports reaches the House, that it will be quickly and favorably considered.

### Improving Budgeting

As I mentioned earlier, in budgeting we have always sought better information. GPRA provides extra help. There was a time when, in developing budgets, the focus was almost exclusively on inputs: "How big is your budget? How large is your staff?" With better information on what programs achieve, that emphasis is shifting. Increasingly, we look at and make decisions based, not so much on what programs cost, but on what we are getting for the money. Our task now is to integrate performance information into budgeting, and to integrate planning and budgeting.

Although the process of making decisions about competing uses of the Nation's resources is complex and not always clear, there should be no doubt that information about performance affects resource decisions. Let me describe some examples.

*Military Readiness* The military services collect and maintain specific measures of readiness and have adopted readiness standards based upon them. In order to meet those goals, the Department of Defense and OMB proposed an additional \$5.4 billion to the FY 2001 budget above the levels originally requested by the military services.

*Safer Housing* The Department of Housing & Urban Development (HUD) wanted quickly to reduce hazards from lead paint in housing occupied by the poor, a significant public health concern. To support their budget request, HUD provided performance measures that specified the number of houses that could be treated and projected the reduction in at-risk homes. As a result of the persuasive long-term plan and credible performance measures, in the FY 2001 Budget the program was increased 50%.

*Improving Health Among Native Americans* To give another example, the Indian Health Service (IHS) developed a plan aimed at using a cost-effective approach to reduce the health disparities in Native Americans. This performance plan played an important role in OMB's development of the FY 2001 budget: we aimed funding increases at improving health outcomes. Reviewing the performance measures in IHS' plan led us to target additional resources to reduce diabetic complications, to provide additional home-based well-child visits, and to improve water fluoridation. This year, the Administration proposed the largest increase for the Indian Health Service in a generation.

*Preventing Excessive Administrative Costs* The General Services Administration compares its operating costs per square foot to private sector costs. When these went below the benchmark levels, GSA proposed a \$21 million *reduction* in its own buildings operations funding.

We all need to recognize that performance information is a tool, not a panacea. In making choices among competing goals and competing programs, how programs perform matters, but it is not the *only* thing that matters. Even with all the information in the world, ultimately the President of the United States and the Congress must decide how much and what kind of

## GPRA: Testimony of Hon. Joshua Gotbaum

programs we will have, and what resources we will devote to national defense, to education, to the environment, and to the myriad of other public concerns.

**OMB's Role**

GPRA has been a high priority for this Administration. The Administration created a set of Priority Management Objectives: after Y2K, GPRA was ranked the next most important objective for the first several years. Now the Administration's number one priority management objective is to "use performance information to improve program management and make better budget decisions."

OMB's work implementing GPRA has been intensive and longstanding. In fact, OMB staff helped draft the original legislation. Each year, we have worked to improve and use agency performance information in our internal discussions on agency funding levels. At the same time, we've worked actively with agencies to improve their performance plans and to increase their own use of GPRA information. Within OMB, the same analysts who work on a particular agency's budget and management issues every day also review the agency's performance reports and work with the agency on GPRA implementation.

Each year, in developing the President's Budget, we employ more performance information and make better use of it. For the FY 2001 process, we asked the agencies to provide performance information as part of their budget submissions. Using the information agencies gave us, we were better able to analyze what performance could be achieved at different levels of investment. That year we included relevant performance information for *every* agency budget review.

For FY 2002, we are taking additional steps. Last month, OMB issued a memorandum to the agencies describing our plans for a FY 2002 Transition Budget. We asked agencies to submit an *integrated* Annual Performance Plan with goals based on current services levels and, to the extent feasible, develop budget estimates associated with each goal. This integrated document will provide a succinct description of each agency's mission and goals, based on the strategic plan that agencies will send to OMB and the Congress in September. It will explain the agency's programs and activities, and the way these contribute to its outputs and outcomes. The document will present the agency's recent performance results, and will discuss any external factors outside of the agency's programs that affect its outcome goals.

None of this is easy. Like the agencies, we make changes and improvements in our processes and procedures. We do not get everything right the first time and we recognize there's always room for improvement. Nonetheless, we've made real progress.

Looking ahead, one ideal toward which we strive is helping agencies to realign their budget accounts to follow programmatic lines. As you well know, the budget structure is in most cases distinctively different from the groupings of program performance goals set out in individual plans. There are real historical and logistical reasons for this, but sometimes it makes it harder to compare program results accurately with program costs. As we move forward, we will examine how better alignment would contribute to better integration of performance plans and budgets, and how we could better account for the cost of individual programs and activities.

GPRA: Testimony of Hon. Joshua Gotbaum

Another ideal would be to use performance measures more actively as an incentive to better management. GPRA has begun to take root in program decision-making, but there is still a long way to go. Nonetheless, we have begun. Under PMO #9, "Align human resources management to support agency goals", we are working to link human resource recruitment and training to program goals. Manager and staff objectives, evaluations, and rewards could increasingly be tied to program performance goals and their achievement. Similarly, distribution of grants could consistently be tied to past performance and promised performance. Rewards for contractors could also be tied to performance targets. Good information and appropriate incentives are powerful drivers toward achievement of performance targets; the Administration and the Congress must continue to evaluate how we use these tools.

As we move forward, we anticipate that continued consultation between OMB, the agencies, and the Congress will lead to fuller integration of GPRA planning with budgeting and management. This is a high priority with this Administration, as we know it is among members of Congress. It is likely to be vital to any new Administration and to agencies' ability to communicate effectively with the Congress and with the public about *who* is responsible for achieving *what*.

#### The Role of Congress

Implementing management changes requires two things from the Congress: patience and pressure. We are grateful the Congress recognizes that these changes are profound and learning how to make them will take time. In the seven years since enactment, GPRA has not been amended. That has given us both stability and the opportunity to try different approaches on how to secure the greatest benefit from this law, to make mistakes and to learn from them. This is a case where progress depends on repeated rounds of experience, experimentation, and evaluation.

Equally important, however, is Congressional pressure: The combination of Congressional oversight, criticism and encouragement have played a central role in assuring agency compliance with GPRA. Under the Act, agencies are required to consult the Congress in developing their strategic plans, but the effort should not stop there. Every time a congressional committee holds a hearing such as this one, it sends a message: that agencies should continue to refine and improve their efforts, that performance matters. If the various authorizing and appropriations committees chose to combine their reviews, the message would be even clearer.

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I hope it is evident both that we have made very real progress and that we have much more yet to achieve. The vision created by GPRA is a challenging one, but it is important and, with effort, entirely achievable. We look forward to continuing to work with the agencies and the Congress to achieve these goals, and to deliver the kinds and quality of programs that the American people expect from their government.

Mr. HORN. Thank you. That is a very optimistic view and I am glad to hear it.

Now we go back to a regular also here and that is Christopher Mihm, Associate Director, Federal Management and Workforce Issues, U.S. General Accounting Office, part of the legislative branch.

Mr. MIHM. Yes, sir.

Thank you, Mr. Chairman and Mr. Turner. Once again, it is an honor and a pleasure to appear before you to discuss the Government Performance and Results Act.

The issuance last spring of the first performance reports showing the degree to which agencies met their goals and the strategies and plans they have to meet unmet goals, along with their annual performance plans and strategic plans and the Governmentwide performance plans, represents a new and potentially more substantive phase of GPRA implementation. That is, we have now completed the first full cycle of the act in its planning and reporting requirements.

For GPRA to be fully useful to Congress and the executive branch, however, agencies need to make continued progress in addressing a set of five enduring challenges that we have reported on fairly consistently: first, articulating the results orientation; second, coordinating cross-cutting programs; third, showing the performance consequences of budget decisions which you highlighted in your opening statement; fourth, showing how daily operations contribute to results—one of the issues that Mr. Gotbaum raised—and fifth, building the capacity to gather and use performance information.

First, in regards to adopting a results orientation, the challenge confronting agencies is to develop a clear sense of the results to be achieved as opposed to the products and services the agency produces. The lack of a comprehensive set of goals that focused on results was one of the central weaknesses that we saw when we looked at the fiscal year 1999 annual performance plans.

Important progress was made over the next year and all of the fiscal year 2000 plans we looked at, the plans the agencies are operating under now, contained at least some goals and measures that addressed program results. Still, detailed in my written statement, there are plenty of opportunities for continued progress in that area.

Second, coordinating cross-cutting programs: we have found that unfocused and uncoordinated cross-cutting programs waste scarce resources, confuse and frustrate taxpayers and program beneficiaries—as the Majority Leader pointed out in the casework examples he discussed—and limit overall program effectiveness.

Although the fiscal year 2000 plans indicate that agencies continue to make progress in coordinating these cross-cutting programs, we are still finding they need to complete the far more difficult and substantive task of establishing complementary performance goals, mutually reinforcing strategies and where appropriate, common performance measures.

Third, a key objective of GPRA is to help Congress develop a clearer understanding of what is being achieved in relation to what is being spent. We are finding that agencies are making incremen-

tal progress in developing the useful linkages between their annual budget request and performance plans but that much additional work is needed in this area as well.

The actions of many agencies during fiscal years 1999 and 2000 performance planning cycles constituted important first steps but, I would stress, just first steps in forging closer links between the plans and budgets and could be seen in essence as a baseline from which to assess future progress.

Fourth, understanding and articulating how agencies' day-to-day operations contribute to results is a critical element of GPRA implementation. Mr. Gotbaum mentioned the excellent example of the experiences over at OSHA and I would underscore that. The point there is that as OSHA and other agencies begin to move beyond what they do on a day-to-day basis and consider the results they are designed to achieve, that often opens whole new avenues for them to explore in terms of strategies and program initiatives they should be undertaking that would lead them to more effectively achieve the results.

Fifth, we found although the fiscal year 2000 plans contained valuable and informative information relating strategies and programs to goals, there was plenty of work that was still needed in that area. Let me mention two in particular.

First, the virtual absence of discussions of human capital, which as you know from the Comptroller General earlier this week, is a major concern. The fiscal year 2000 plans suggested that one of the critical components of high performing organizations, the systematic integration of human capital and performance planning, is not being adequately addressed throughout the Federal Government.

More broadly, any serious effort to fundamentally improve the performance of Federal agencies must address the management challenges and program risks including those elements on our high risk list. This obviously was the point that Mr. Sessions was making. Unfortunately, the fiscal year 2000 plan showed inconsistent attention to the need to resolve these issues.

The fifth and final key challenge we found deals with the substantial and longstanding limitations in agency ability to produce credible performance information. In fact, these challenges and the lack of credible performance information is one of the greatest continuing weaknesses with GPRA implementation.

In summary, GPRA has the potential and is already beginning to help Congress and the executive branch ensure that the Federal Government provides results the American people care about. We look forward to continuing to support the Congress in this regard and in any way we can to meet your needs.

As you know from my prepared statement, one of the things we suggest is under House Rule 10, the oversight plans that the standing committees must send to this committee could be used as a vehicle for further drilling GPRA into congressional oversight plans. We look forward to helping you with that or in any other way.

Thank you.

[The prepared statement of Mr. Mihm follows:]

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**GAO**

United States General Accounting Office

**Testimony**

Before the Subcommittee on Government Management,  
Information and Technology, Committee on Government  
Reform, House of Representatives

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**MANAGING FOR  
RESULTS****Continuing Challenges to  
Effective GPRA  
Implementation**

Statement of  
J. Christopher Mihm, Associate Director  
Federal Management and Workforce Issues  
General Government Division



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GAO/T-GGD-00-178

Statement

## Managing for Results: Continuing Challenges to Effective GPRA Implementation

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

I appreciate the opportunity to be here this morning to discuss the Government Performance and Results Act of 1993 (GPRA). As agreed with the Subcommittee, today I will (1) highlight how the present phase of GPRA implementation holds promise for assisting congressional oversight and decisionmaking and (2) discuss the steps needed to maximize the usefulness of GPRA for Congress and the executive branch. My statement is based on our large body of work in recent years assessing GPRA implementation. As I will discuss in more detail, our work has shown that overall, agencies are continuing to make steady progress in implementing GPRA, but a set of persistent challenges requires additional effort if GPRA is to be fully effective.

### Using GPRA to Assist Congressional Oversight and Decisionmaking

GPRA holds great promise in helping Congress and the executive branch ensure that the federal government provides the results that the American people expect and deserve. We are now at a new phase in the implementation of GPRA. The issuance of the first performance reports—showing the degree to which goals were met and the actions, plans, and schedules to meet unmet goals—represents a potentially more substantive phase in the implementation of GPRA. These reports, in addition to federal agencies' strategic and annual performance plans and the governmentwide performance plans, represent the completion of the first full planning and reporting cycle of GPRA implementation. This suggests that we are at an appropriate point in the process to examine the status of GPRA implementation and how it can be more fully integrated into congressional and executive branch decisionmaking.

This examination is important to ensure that the issuance of GPRA planning and reporting documents does not become merely an annual paperwork exercise unrelated to the real work of agencies and Congress. On the contrary, GPRA should be a foundation for congressional oversight and decisionmaking and thereby help Congress maximize the performance and ensure the accountability of the federal government for the benefit of the American people. GPRA also should provide a performance-based management framework for agencies to set goals; measure progress toward those goals; deploy strategies and resources to achieve them; and, ultimately, use performance information to make the programmatic decisions necessary to improve performance.

In that regard, we have often noted that concerted and continuing congressional oversight is key to addressing the federal government's persistent performance, management, and accountability problems. In

recent testimonies, the Comptroller General has suggested that the significant performance problems in federal programs and agencies can be organized around four broad themes.<sup>1</sup>

- **Comprehensively reassess what the federal government does and how it does it:** reconsider whether to terminate or revise outdated programs or services provided.
- **Reexamine and redefine the beneficiaries of federal programs:** reconsider who is eligible for, pays for, and/or benefits from a particular program to maximize federal investments.
- **Improve economy, efficiency, and effectiveness of federal operations:** capture opportunities to reduce costs through restructuring and streamlining federal activities.
- **Attack activities at risk of fraud, waste, abuse, and mismanagement:** focus on minimizing risks and costs associated with the delivery of major federal programs and activities.

GPRA's concepts, practices, and products provide tools that Congress can use to help its decisionmaking and strengthen its oversight, thereby helping to resolve these issues. More specifically, this Subcommittee can have a central role in building GPRA into the congressional oversight process. House Rule X requires standing committees of the House to provide oversight plans to the Committee on Government Reform.<sup>2</sup> These oversight plans are then published by the Committee along with its recommendations for ensuring the most effective coordination of such plans.

The new information now available from agencies' first annual performance reports, along with information being developed under other management reforms such as the Chief Financial Officers (CFO) Act, can provide new opportunities for congressional oversight that House committees can consider as they develop their oversight plans. For example, performance reports will provide annual information on programmatic results that can help Congress systematically review achievements and performance gaps. One opportunity available to this

<sup>1</sup> *Managing in the New Millennium: Shaping a More Efficient and Effective Government for the 21<sup>st</sup> Century* (GAO/T-OCG-00-9, Mar. 29, 2000); *Managing for Results: Using GPRA to Help Congressional Decisionmaking and Strengthen Oversight* (GAO/T-GGD-00-95, Mar. 22, 2000); and *Congressional Oversight: Opportunities to Address Risks, Reduce Costs, and Improve Performance* (GAO/T-AIMD-00-96, Feb. 17, 2000).

<sup>2</sup> Rules of the House of Representatives – H.Res. 5, 106<sup>th</sup> Congress, Rule X, Clause 2(d).

Subcommittee is to work with House committees to ensure that this information is used in developing oversight plans.

A second opportunity is to look across House committees and lead the development of integrated oversight agendas that target areas of congressional emphasis. Specifically, information from annual performance reports, by focusing on the results to be achieved, should suggest program areas and agencies that cut across individual committee jurisdictions, and that would benefit from more coordinated oversight. Scheduling joint hearings, for example, can provide synergy in addressing crosscutting issues.

Finally, the House Government Reform Committee could play a central role in coordinating oversight hearings related to how different governing tools (for example, intergovernmental partnerships, performance-based contracts, and financial credits) will be, or can be, used in achieving goals. Such oversight could assist in the development of a base of governmentwide information on the strengths and weaknesses of various tools used to address differing public policy issues.

## Key Challenges to GPRA Implementation

Over the past several years, we have reported on a consistent set of challenges for agencies in using GPRA to become high-performing organizations.<sup>3</sup> These challenges include

- articulating a results orientation,
- coordinating crosscutting programs,
- showing performance consequences of budget decisions,
- showing how daily operations contribute to results, and
- building the capacity to gather and use performance information.

## Articulating a Results Orientation

The cornerstone of federal efforts to successfully meet current and emerging public demands is to adopt a results-orientation. That is, to develop a clear sense of the results an agency wants to achieve as opposed to the products and services (outputs) an agency produces and the processes used to produce them. Adopting a results-orientation will require a cultural transformation for many agencies—it entails new ways of thinking and doing business.

<sup>3</sup>Managing for Results: Opportunities for Continued Improvements in Agencies' Performance Plans (GAO/GGD/AMD-99-215, July 20, 1999); and Managing for Results: An Agenda to Improve the Usefulness of Agencies' Annual Performance Plans (GAO/GGD/AMD-98-228, Sept. 8, 1998).

In our assessment of the fiscal year 1999 plans, we identified the lack of comprehensive sets of goals that focused on results as one of the central weaknesses that limited the usefulness of the performance plans for congressional and other decisionmakers. Important progress was made over the next year, and all of the fiscal year 2000 plans we reviewed contain at least some goals and measures that address program results.

Still, additional opportunities for improvement continue to exist. For example, the Small Business Administration's (SBA) fiscal year 2000 performance plan goals and measures generally focus on outputs, rather than results. To assess progress in its goal to "increase opportunities for small business success," SBA relies on measures such as an increase in the number of loans made by SBA, the number of clients served, the number of bonds issued, and the amount of dollars invested in small businesses. This is important information, but the plan does not show how the measures are related to increasing opportunities for small businesses to be successful—the key result SBA hopes to achieve. SBA revised some of its performance goals in the fiscal year 2001 plan; however, SBA continues to focus its performance goals and measures on outputs instead of results.

With the issuance of the first performance reports, Congress now has information on the extent to which agencies met their fiscal year 1999 goals. For example, the Department of Veterans Affairs (VA) showed progress in providing quality healthcare at a reasonable cost. Specifically, VA reported that it met one of its most important goals—that is, to reduce the average healthcare cost per patient by 13 percent since fiscal year 1997; actual performance reported was a 16 percent reduction. VA slightly missed one of its other key goals—that is, to improve quality as measured by the Chronic Disease Index. The goal was to achieve a score on this index of 91 percent; VA's actual performance was 89 percent.

Setting goals that focus on results and reporting on the performance that 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 effort. Later, as results are being reported, Congress can determine if progress is being made on the expected level of performance.

#### Coordinating Crosscutting Programs

Virtually all of the results that the federal government strives to achieve require the concerted and coordinated efforts of two or more agencies. Although the fiscal year 2000 performance plans indicate that the federal

government continues to make progress in showing that crosscutting efforts are being coordinated to ensure effective and efficient program delivery, agencies still need to complete the more challenging task of establishing complementary performance goals, mutually reinforcing strategies, and common performance measures, as appropriate.

Unfocused and uncoordinated crosscutting programs waste scarce resources, confuse and frustrate taxpayers and program beneficiaries, and limit overall program effectiveness.<sup>4</sup> Our work in over 40 program areas across the government has repeatedly shown that mission fragmentation and program overlap are widespread, and that crosscutting federal program efforts are not well-coordinated. For example, we have reported on the 50 programs for the homeless that were administered by 8 federal agencies. Housing services were provided under 23 programs operated by 4 agencies, and food and nutrition services were under 26 programs administered by 6 agencies.<sup>5</sup>

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 agencies and programs addressing similar results. 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. More specifically, at present, Congress has no direct mechanism to use in responding to and providing a congressional perspective upon the President's governmentwide performance plan. Congress also has no established mechanism to articulate performance goals for the broad missions of government, to 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.

I mentioned earlier the promise that House Rule X holds in this regard. Another possible approach would involve modifying or supplementing the

<sup>4</sup> *Managing for Results: Using the Results Act to Address Mission Fragmentation and Program Overlap* (GAO/AIMD-97-146, Aug. 29, 1997).

<sup>5</sup> *Managing for Results: Barriers to Interagency Coordination* (GAO/GGD-00-106, Mar. 29, 2000).

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|                                                      | <p>current budget resolution.<sup>6</sup> 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.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| Showing Performance Consequences of Budget Decisions | <p>A key GPRA objective is to help Congress develop a clearer understanding of what is being achieved in relation to what is being spent. Toward this end, GPRA requires that annual performance plans link performance goals to the program activities in agencies' budget requests.<sup>7</sup></p> <p>We reported that agencies are making progress in developing useful linkages between their annual budget requests and performance plans, but much additional work is needed.<sup>8</sup> We observed that the fiscal years 1999 and 2000 performance planning cycles produced useful experiments in "connecting resources to results." Collectively, the actions by many agencies constituted important first steps in forging closer links between plans and budgets and could be seen as a baseline from which to assess future progress.</p> <p>Agencies have developed a variety of approaches and techniques to show relationships between budgetary resources and performance goals. In each case, agencies were able to make their performance plans more relevant for budget decisionmaking by showing the performance consequences of requested levels of funding. For example,</p> <ul style="list-style-type: none"> <li>• The Environmental Protection Agency (EPA) and the Nuclear Regulatory Commission revised their budgets' program activity structures to reflect their plans' strategic goals and supporting performance goals.</li> <li>• The Internal Revenue Service and the Federal Bureau of Investigation fully integrated their performance plans with their budget requests into a single submission.</li> <li>• Several administrations within the Department of Health and Human Services and the Department of Housing and Urban Development (1)</li> </ul> <p><sup>6</sup> <i>Budget Issues: Effective Oversight and Budget Discipline Are Essential—Even in a Time of Surplus</i> (GAO/T-AIMD-00-73, Feb. 1, 2000).</p> <p><sup>7</sup> Subject to clearance by the Office of Management and Budget and generally resulting from negotiations between agencies and appropriations subcommittees, program activities are intended to provide a meaningful representation of the operations financed by a specific budget account.</p> <p><sup>8</sup> <i>Performance Budgeting: Fiscal Year 2000 Progress in Linking Plans With Budgets</i> (GAO/AIMD-99-239R, July 30, 1999); and <i>Performance Budgeting: Initial Experiences Under the Results Act in Linking Plans With Budgets</i> (GAO/AIMD/GGD-99-67, Apr. 12, 1999).</p> |

developed summary crosswalks that consolidated or aggregated funding from separate budget accounts and/or program activities and (2) related this funding information to strategic objectives or discrete sets of performance goals.

We also noted that agencies continue to face many challenges in this area—from challenges in goal definition and measurement to deficiencies in cost accounting systems. Given these challenges, we recommended that Office of Management and Budget (OMB) take the initiative to develop a practical and constructive agenda to further clarify the relationship between budgetary resources and results, beginning with the fiscal year 2001 plans. Recent actions by OMB hold promise for reinforcing and strengthening agency efforts in this area. OMB issued guidance and policy expectations for the 2002 process that should spur further development and improvement. For example, agencies will be expected to develop integrated plans and budgets that associate budgetary requests “insofar as possible with each goal.”

#### Showing How Daily Operations Contribute to Results

Understanding and articulating how agencies’ day-to-day operations contribute to results is important for congressional and executive branch decisionmakers to (1) design and implement cost-effective strategies to achieve results and (2) pinpoint initiatives to improve performance. Such understandings are by no means easy or straightforward. As I previously noted, virtually all of the results that agencies hope to achieve must be accomplished through the coordinated efforts of several players. The challenge for agencies is to understand how they can best influence the results to be achieved. Simply stated, agencies that do not have clear understandings of how what they do now contributes to results are hard pressed to determine what they need to do to improve performance.

We have found that although agencies’ fiscal year 2000 plans contain valuable and informative discussions of how strategies and programs relate to goals, substantial opportunities exist to make continued improvements in presentations of strategies and resources. Specifying clearly in performance plans how strategies—including the use of capital assets—are 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. As an example, the National Aeronautics and Space Administration’s fiscal year 2001 performance plan does not provide a clear rationale for how information technology-related strategies and programs will contribute to achieving its goals or show any allocation of information technology-related dollars and personnel to performance goals.

The Department of Transportation (DOT), in its performance report for fiscal year 1999, shows why it is important that agencies know the factors that affect results. Such knowledge is key to designing improvement strategies. DOT did not achieve its fiscal year 1999 goal concerning recreational boating fatalities. DOT notes that most recreational boating fatalities are the result of accidents involving factors under the operator's control, and that boaters tend not to wear life jackets, although doing so would vastly improve their chance of surviving accidents. To achieve this goal, DOT's strategy now includes boater education and research on life jackets to promote greater use.

Building, Maintaining, and Marshaling the Human Capital Needed to Achieve Results. Effective implementation of performance-based management, as envisioned in GPRA, hinges on agencies' abilities to strategically manage their most important asset—their people resources or “human capital”—to achieve results.<sup>9</sup> However, most of the fiscal year 2000 performance plans do not sufficiently address how the agencies will use their human capital to achieve results. Although the plans often discuss human capital issues in general terms, such as recruitment and training efforts, they do not consistently discuss other key human capital strategies used by high-performing organizations. For example, few agencies discussed how they would build, maintain, and marshal the human capital needed to achieve their performance goals. This suggests that one of the critical components of high-performing organizations—the systematic integration of human capital planning and program planning—is not being adequately and uniformly addressed across the federal government.

In June, President Clinton issued a memorandum to the heads of executive departments and agencies detailing actions to further improve the management of human capital. Among other things, the memorandum directs agencies to clearly state specific human capital management goals and objectives in their strategic and annual performance plans. This is an important and helpful reminder to agencies that GPRA requires agencies to describe in these documents how they will use their human capital to support the accomplishment of agency goals and objectives.

Resolve Management Challenges and Program Risks. Any serious effort to fundamentally improve the performance of federal agencies must address management challenges and program risks. Unfortunately, we found that the fiscal year 2000 annual performance plans showed inconsistent attention to the need to resolve the mission-critical management

<sup>9</sup> Human Capital: Managing Human Capital in the 21<sup>st</sup> Century (GAO/T-GGD-00-77, Mar. 9, 2000).

challenges and program risks that continue to undermine the federal government's economy, efficiency, and effectiveness.

For example, the Department of Agriculture's performance report shows varied progress in resolving the major management challenges identified by GAO and its Inspector General in fiscal year 1999. In particular, progress has been made in improving the agency's farm loan portfolio—the delinquency rates for direct loans and the loss rates for direct and guaranteed loans were all within the target levels for fiscal year 1999. Conversely, the report does not demonstrate progress in addressing or resolving other previously identified management challenges. For example, the report shows little, if any, progress in reducing inefficiency and waste throughout the Forest Service's operations.

#### Building the Capacity to Gather and Use Performance Information

Agencies need reliable information during their planning efforts to set realistic goals and later, as programs are being implemented, to gauge their progress toward achievement of those goals. Our work over the past several years has identified limitations and selected approaches to improve agencies' abilities to produce credible program performance and cost data.<sup>19</sup> These limitations are substantial and long-standing, and they will not be quickly or easily resolved. We found in our assessment of the fiscal year 2000 performance plans that agencies provide limited confidence in the credibility of their performance information. This limited confidence in the credibility of performance information is one of the single, greatest continuing weaknesses with GPRA implementation.

One challenge confronting agencies in obtaining timely and reliable results-oriented performance information is their dependence on state and local agencies to provide data. For example, the Administration for Children and Families could not report on its progress in meeting fiscal year 1999 goals for the Temporary Assistance for Needy Families or child support programs. According to the Department of Health and Human Services' performance report, time lags in obtaining these data from the states make it difficult to provide a comprehensive summary of agency performance.

We have noted that agencies can use their GPRA planning and reporting documents to discuss their actions to compensate for unavailable or low-

<sup>19</sup> *Managing for Results: Challenges Agencies Face in Producing Credible Performance Information* (GAO/GGD-00-52, Feb. 4, 2000); and *Performance Plans: Selected Approaches for Verification and Validation of Agency Performance Information* (GAO/GGD-99-139, July 30, 1999).

quality data. For example, EPA highlights discrepancies between its data and state water quality data. EPA discusses its strategies for improving water quality data, including state-specific training for data entry into the Safe Drinking Water Information System.

Discussing data credibility and related issues in performance reports 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.

Program Evaluation. 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 effect of the federal effort. Program evaluation studies are important for assessing the contributions that programs are making to results, determining factors affecting performance, and identifying improvement opportunities. However, we continue to be concerned that many agencies lack the capacity to undertake program evaluations. In our 1997 review of agencies' strategic plans, we found that many agencies had not given sufficient attention to how program evaluations will be used in implementing GPRA and improving performance.<sup>11</sup> In another report, we noted that agencies' program evaluation capabilities would be challenged to meet the new demands for information on program results.<sup>12</sup> It will be important that the updated strategic plans, to be issued this fall, contain fuller discussions of how agencies are using program evaluations.

Financial Management Capabilities. The long-standing inability of many agencies to accurately record and report financial management data on both a year-end and an ongoing basis for decisionmaking and oversight purposes continues to be a serious weakness. Without reliable data on costs, decisionmakers cannot effectively evaluate programs' financial performance or control and reduce costs. As this Subcommittee is well aware, the CFO Act laid the legislative foundation for the federal government to provide taxpayers, the nation's leaders, and agency program managers with reliable financial information through audited

<sup>11</sup> Managing for Results: Agencies' Annual Performance Plans Can Help Address Strategic Planning Challenges (GAO/GGD-98-44, Jan. 30, 1998).

<sup>12</sup> Program Evaluation: Agencies Challenged by New Demand for Information on Program Results (GAO/GGD-98-53, Apr. 24, 1998).

financial statements. In addition to requiring annual audited financial statements, the CFO Act sets expectations for agencies to build effective financial management organizations and systems and to routinely produce sound cost and operating performance information throughout the year.

Although obtaining unqualified "clean" audit opinions on federal financial statements is an important objective, it is not an end in and of itself. The key is to take steps to continuously improve internal controls and underlying financial management information systems. The Federal Financial Management Improvement Act (FFMIA) focuses, among other things, on ensuring greater attention to making much needed improvements in financial management systems. The primary purpose of FFMIA is to ensure that agency financial management systems routinely provide reliable, useful, and timely financial information. With such information, government leaders will be better positioned to invest scarce resources, reduce costs, oversee programs, and hold agency managers accountable for the way they run government programs.

For fiscal year 1999, auditors for 21 of the 24 CFO Act agencies reported that those agencies' financial systems did not substantially comply with FFMIA's requirements. The three agencies in compliance were the Department of Energy, National Aeronautics and Space Administration, and the National Science Foundation.

## Summary

In summary, Mr. Chairman, 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. Agencies have completed their first full set of GPRA planning and reporting documents. The performance and cost information that are required in these documents have the potential to help Congress set its oversight agenda and agencies address challenges to becoming high-performing organizations. These documents also provide a performance-based management framework for agencies to improve performance and reinforce accountability throughout their organizations.

We are very pleased that Congress continues to rely on us to assess the implementation of GPRA and assist Congress in its use. Most recently,

- At the request of Chairman Dan Burton of the House Government Reform Committee, we are reviewing the use of performance agreements as an approach for instilling accountability for results within organizations.

- At the request of Chairman Fred Thompson and Ranking Minority Member Joseph Lieberman of the Senate Committee on Governmental Affairs, we reviewed the 24 CFO Act agencies' fiscal year 1999 performance reports and fiscal year 2001 performance plans to assess the extent to which the agencies addressed key outcome areas and management challenges. Chairman Thompson also requested that we update our reviews of agencies' efforts to better align their performance plans with their budgets.
- At the request of Chairman George Voinovich of the Subcommittee on Oversight of Government Management, Restructuring and the District of Columbia, Senate Committee on Governmental Affairs, we are conducting a follow-up to our 1996 survey to obtain information on federal managers' experiences with and attitudes about results-oriented performance and management issues.
- At the request of Ranking Minority Member Joseph Lieberman of the Senate Committee on Governmental Affairs, we will begin work on the relevant foreign experiences in public-sector management reforms and the possible application of those experiences to the United States.

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.

#### Contacts and Acknowledgments

For further information regarding this testimony, please contact J. Christopher Mihm at (202) 512-8676. Individuals making key contributions to this testimony include Lisa Shames, Mike Curro, Allen Lomax, Dottie Self, and Janice Lichty.

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Mr. HORN. Thank you. We have two more witnesses and then we will open it to questions. I think it will be a very good dialog from all four of you.

Our next witness is Maurice McTigue, distinguished visiting scholar, Mercatus Institute, George Mason University, and a fellow once parliamentarian. We were delighted to visit Australia and New Zealand in a trip last year to see if any of your fine work was still holding forth. In places, it is, so I would like to talk to you about that sometime.

Go ahead.

Mr. MCTIGUE. Indeed, Mr. Chairman, and I would be delighted to talk to you about it.

As you indicated, my experience is mainly as a politician and as a member of Cabinet, and at a time when my country was going through major changes, most of which were based upon the principle that is the founding principle of GPRA.

I think for Congress one of the interesting factors involved in that process is that while it started 16 years ago, and there have been three changes of the party in power in governance in New Zealand, there has been no relaxation in the rigor with which the performance of government has been pursued.

In the 3-years that I have been here in the United States and have worked closely with the agencies of government and also with Congress in terms of sharing some of our experiences, I think the thing that impresses me most about GPRA is that it does focus on changing the primacy of measures to a focus on outcomes.

I have heard a number of people make comment this morning about efficiency. When I talk about the primacy of measures, it is that the primacy of the measure of effectiveness must outweigh considerations of efficiency. That is not something that legislatures have been good at doing in the past.

I think if we were to look at the high spot of government performance over the past 3 years in the United States, it would be the success of the Y2K project. In my view, the success of that project was driven in no small part by people like yourself who actually asked the right questions. The question was the outcome question—will the computers work on January 1, 2000? It didn't focus so much on tell me what you have done, you kept focusing on "will the computers work on January 1, 2000."

That is outcome-based scrutiny. We want to know the result. Can you actually deliver for us what you have promised you would deliver for us? If we looked at the principle that I think is important to Congress in considering this whole area of activity, that principle would really be this—"that all future decisions by government would be taken in full knowledge of the consequences of that decision."

In the past, I believe many decisions have been taken in full knowledge of what will be done but without full knowledge of the consequences of that decision. What GPRA does is shifts the focus of accountability to what were the public benefits from the expenditure of that money rather than what were the activities that were funded from the expenditure of that money?

If we look at GPRA as a tool, then it breaks into four significant parts. The first part of the process is planning. Give to the public

a fair expectation of what it is that you are going to achieve. The second part of it is implementation, putting in place and implementing those outputs that are meant to achieve that outcome.

We have been through the first two stages of that with GPRA and I like to remind people that GPRA, while passed in 1993, only took effect for fiscal year 1999, so there is very little evidence at this stage of the success or otherwise of GPRA.

As an ex-politician and working in a university at the moment, in my mind the most important part of GPRA is what occurs now. In March of this year, we saw the first round of disclosure of performance. What was in the reports of the agencies should disclose what was achieved and now we are at the fourth stage, what does Congress do in the process of oversight and scrutiny of those reports?

To me that is the most important part. One of the things you need to do, in my view, is look at the quality of the reporting. Have you had placed in front of you sufficient knowledge and a high enough quality of information for you to be able to make decisions in the knowledge of the full consequences of those decisions? We at the Mercatus Center did a study on the quality of reporting and in many instances, the reports do not provide you with that capability. Some of them were good. Most of them lacked in a number of areas in terms of being able to identify for you what were the public benefits from these activities.

In looking at those reports, I think you also need to look at not only are they open and transparent but is there full disclosure? For example, we found some organizations that describe their activity in terms of "we fully met the goal" when what they actually did was achieve 90 percent of the goal. Ninety percent might be a good measure in some cases but in some other areas, you might determine that was quite inadequate.

In other cases, they described adequate performance as anything above 67 percent of goal. Those are very arbitrary and I think what you need to know is what was the percentage of each goal that was achieved rather than a broad-based measure like that. So that is full disclosure in my view and it is very important to the success of Congress's security of Government.

What then might Congress do through committees like yourself? I believe what Congress has to do is to learn to conduct scrutiny based on outcomes rather than conduct, scrutiny based on process. What you need to be able to do is to look at a particular outcome: you are examining an agency, you pick a particular activity, look at that outcome. If you were to follow that outcome through, you would be able to say how much of the public good for this particular issue comes from this agency and how much from others.

By following that outcome and looking at the effectiveness of each program, you can then make comparisons and finally get to a position of saying if we have optimal utilization of resources, here is the potential public benefit. The cost to the American public for suboptimal utilization of resources is the difference between optimal allocation and the status quo. We, the public could have had

this quantity of benefit and we are shortchanged by the amount that was placed in ineffective programs.

That is the end of my testimony and thank you for the opportunity.

[The prepared statement of Mr. McTigue follows:]

**TESTIMONY**

From

**The Honorable Maurice P. McTigue, Q.S.O.**

**Distinguished Visiting Scholar**

**Mercatus Center**

**George Mason University**

Before the

**Committee on Government Reform**

**Subcommittee on Government Management,**

**Information and Technology**

**U.S. House of Representatives**

**106th Congress**

**July 20, 2000**

Mr. Chairman, since I served as an elected member of the Parliament of New Zealand for nine years and as a member of Cabinet during a period of unprecedented reform, my experience may be of value to you in your deliberations. A major driving force in the success of the New Zealand reform process was the impact of the process of identifying and quantifying the public benefit of the activities of government agencies – in other words: accountability for results. It was the dramatically improved knowledge of programs' effectiveness that allowed the government to make informed choices about which ones to expand and which to discard.

As associate Minister of Finance and Chairman of Cabinets Expenditure Control Committee, I had oversight of the reform process and first hand experience of the change process. During that period our Parliament rewrote its "Standing Orders" (the equivalent of your rules) and rewrote our financial reporting and accountability laws. We did this to give absolute clarity to the requirements and to further empower Parliament's role in oversight.

At George Mason University's Mercatus Center, over the last two and a half years we have studied the progress of federal government agencies in moving toward accountability based on results, as required by the Government Performance and Results Act.

Mr. Chairman, I am honored by your invitation to give testimony before your subcommittee on the first annual performance reports. The intent of GPRA, which I totally support, is to expand the requirement of accountability from evidence of compliance with the appropriation to include evidence of benefits to the public from the expenditure.

The GPRA implementation process can be divided into four distinct phases of activity:

1. Planning: presentation of Strategic Plans (first in 1997) and annual Performance Plans. This could be paraphrased as the prediction of what will be achieved and should be expressed as outcomes or public benefits.
2. Implementation: production of the outputs that are designed to produce the desired outcome.
3. Disclosure: annual performance reports should give the public a clear description of what was achieved (or not) during the year.
4. Oversight Scrutiny: Congress's use of the information provided by the process of disclosure.

Arguably the most important stages of GPRA are the disclosure and Congressional oversight processes. Clearly, the capacity of Congress to make informed decisions about future priorities for funding allocations will be directly proportional to the quality and completeness of the information included in the Annual Performance Reports. In this first year, it is unreasonable to expect perfection in the quality of reporting. However, at this early stage Congress must send a clear message about its expectation for complete

disclosure and for improvement in the quality of the information provided through the reporting process.

My colleagues and I at the Mercatus Center, in the spirit of shining a spotlight on the disclosure process, conducted a study of the annual performance reports of the 24 CFO Act agencies. Our intent was to examine the quality of reporting and disclosure but not the actual performance of each agency. The findings, which rank these agencies according to the quality of the reporting, show need for significant improvement. To assist the Committee, I have appended a copy of that report to this testimony.

Another important principle to preserve is that reporting should focus on the outcomes achieved. When addressing the impact of this new interpretation of accountability, I always found it useful to think about outcomes (results) in the following framework: In theory at least, government's activity serves only two purposes, the enhancement of an existing public good or the diminishing of a current or potential public evil. If government activity is not serving one or the other of these ends, then it should be terminated.

The application of this rather simple thought process should bring into sharp relief the desired outcome (benefit) of a particular program. It was clearly the intention of Congress and the Administration through the passage of GPRA to focus future judgment of success or failure of government programs on this concept of community benefit. It is therefore most appropriate in my view, Mr. Chairman, for your committee to undertake this review

to ensure that the House's procedures do, indeed, focus scrutiny and decision-making on outcome assessments.

Prior to GPRA, there was a tendency for Government to **“manage activities and hope for results.”** Post GPRA, with open disclosure and transparency, it is possible for Congress to **“choose to do only those programs that will produce results.”** The power of this concept would dramatically change the impact of the oversight and review process of Congress.

If public confidence and respect for the procedures of government are to increase, we can expect that will only happen when there is clear evidence that the activities of government produce material benefit for communities. A positive step in this direction is provided by focusing accountability on measurable benefit to the public, as a result of government programs. For this process to win the confidence of the public and improve the quality of government performance, the scrutiny provided by Congress must be:

- robust,
- focused on results,
- committed to rewarding superior activity, and
- equally committed to punishing poor performance.

The above rationale exposes the first area this review process might consider: the linkage between the work of oversight and appropriation. In a theoretical model, the process of oversight might be considered a research function in which specific activities are

reviewed in depth. The knowledge acquired in this process would be passed on to the appropriators, who would use that knowledge along with other considerations to inform their decisions. This cooperative approach to House procedures would substantially enhance the reputation and respect for both Oversight and Appropriation functions.

The next area that might provide fertile ground for review by committees is consideration of whether a program addresses causal issues of a particular problem or whether the program addresses only the consequences of that problem. Around the world, the custom for many governments has been to enact law that gives immediate relief to an existing problem, e.g. feeding the hungry. This activity is meritorious in its own right, but only relieves the consequences of an existing problem. Consideration of such an issue should also invoke examination of the causal factors of hunger and seek the means to remove those causal factors, so that ultimately there are less hungry people to feed or (ideally) the problem is eliminated.

My somewhat clumsy illustration above is meant to focus attention on seeking solutions to problems rather than being satisfied with treatment of the consequences. With all new legislation, the empowering part of the Statute should clearly identify the particular problem it proposes to solve and what would be appropriate indicators of success. It may indeed have to deal with existing or developing consequences of the problem being addressed but it should also seek to provide lasting solutions. This requires clearly identifying the desired outcome in the legislation. Congress's role in overseeing the effectiveness of government performance would certainly be reinforced by incorporating

a requirement for agencies to express progress towards goals as a measure of achievement.

Congress, when giving consideration to re-authorizing existing laws or programs, should examine the intent of the original legislation and ask the following questions.

- What progress has been made on this issue since the first enactment of this law?
- Does this law/program seek a clear outcome?
- What progress has been made on resolving that problem?
- Is this law/program appropriate to contemporary society?
- What detrimental effect would the removal of this law/program have on society?
- What changes need to be made to allow this law/program to successfully resolve the issue in question?
- When can we anticipate that we might be relieved of the need to support the consequences of this problem?

Having gathered this information, the committee should make its findings on the efficacy of the activities available to the public. For activities that are not accomplishing their goals or that lack clear goals, the Administration should be informed immediately and asked to provide solutions. Alternatively, Congress might decide to provide the solution itself. The point at issue here is that no program or activity should receive a new appropriation unless a clear goal is proposed with measures that will allow public assessment of the level of success of that activity.

Another area of consideration for the committee might be *the requirements to report* clauses of the GPRA Act. It is clear that the intent of the Act was to make the process and activities of government much more transparent. This transparency was intended to allow all the interested parties– Congress, special interests, media and the general public – to be informed about the results of government utilization of tax dollars. It would therefore be helpful to this process if committees were encouraged to place high transparency requirements on those agencies subject to their oversight.

Congress should consider establishing criteria that would encompass the following standards for reporting performance.

- That the report be readily available to all interested groups.
- That the format of the publication make it possible for everyone to readily make a quick and accurate assessment from reading the document of the performance of the agency.
- That the report identifies outcomes and describes progress towards those outcomes.
- That the report predict progress in the future, the barriers to that progress, and how those barriers might be removed.

Congress might consider its role similar to the stock exchange’s relationship with listed corporations and shareholders. In this case, Congress is the rule maker, agencies are the corporations and citizens are shareholders. The standard set by the “Stock Exchange” for annual reporting is extremely high and requires the utmost integrity and transparency.

Why, then, should government not be required to meet the same standard – given the compulsory nature of taxation?

**Changing the law**

Mr. Chairman, there may be some who would like to consider making changes to the GPRA. I would recommend caution. There is a false perception that the Act has been around for a long time. What must be taken into account is that while the Act was passed in 1993, Congress stipulated that it not take effect until the 1999 fiscal year. So in considering change, there is only one year's experience upon which to base any decisions for change.

I feel quite strongly that the success of the Results Act is tied to its clear focus on one issue — accountability. It would be a mistake to encumber it with other issues in an attempt to make it a magic formula for all the ills of government.

If, however, changes are made, I would counsel in the following way:

- There could be some clarification around the requirements for Strategic Plans with more emphasis on outcomes expressed as measurable benefits to the public.
- The other area where some clarification would be appropriate is in the transparency and disclosure requirements. Some further emphasis on the “public right to know” principle could be advantageous.

\* Mr. Chairman, once again I thank you for the opportunity to present testimony to this committee on these far-reaching issues. I extend my congratulations to you, Sir, and to

the other members of the Committee on your visionary role in placing these forward-looking ideas under the spotlight. In my view, great good could come from this timely consideration.

Testimony prepared by:

Maurice P. McTigue  
Distinguished Visiting Scholar  
Mercatus Center  
George Mason University.

# **Performance Report Scorecard:**

## ***Which Federal Agencies Inform the Public?***

Jerry Ellig, Ph.D.  
Senior Research Fellow

May 3, 2000

MERCATUS CENTER

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**GEORGE MASON UNIVERSITY**

## Executive Summary

**Background:** The Government Performance and Results Act (GPRA) required federal agencies to produce their first performance reports by March 31, 2000. The purpose of these reports is to give Congress and the American people accurate, timely information that will let them assess the extent to which agencies are producing tangible public benefits. To help Congress assess this year's reports and help agencies improve the quality of next year's reports, a Mercatus Center research team evaluated the reports produced by the 24 agencies covered under the Chief Financial Officer (CFO) Act. The Mercatus team employed 12 criteria to answer three questions:

- Does the agency report its accomplishments in a transparent fashion?
- Does the report focus on documenting tangible public benefits the agency produced?
- Does the report show evidence of forward-looking leadership that uses performance information to devise strategies for improvement?

**Best reports:** The *U.S. Agency for International Development* performance report scored highest, followed closely by the *Department of Transportation* and *Department of Veterans' Affairs*.

**Reports most in need of improvement:** The *National Science Foundation's* report scored lowest. The *Departments of Commerce and Agriculture* rounded out the bottom three.

**Most common strengths:** The three things that many of the 24 agencies did best were (1) enunciate results-based goals, (2) make their reports accessible to the public, and (3) include baseline and trend data to put their performance measures in context.

**Most common weaknesses:** The three things the agencies tended to do worst were (1) supply cost data, (2) assess reliability of their data, and (3) demonstrate that agency actions actually made a difference in the performance measures. However, a few agencies did these well.

**Conclusion:** Government has the same degree of fiduciary responsibility to taxpayers that companies have to their shareholders. Agency reports should mirror standards required in the reports of Fortune 500 companies, which suffer severe penalties if they fail to report accurately and ethically to their shareholders. Some of the fiscal year 1999 reports show promise in this regard, but many fall short.

**The analysis, interpretations and conclusions in this study are solely those of the author and research team; they are not positions of the Mercatus Center or George Mason University.**

## Scorecard Summary and Ranking

|                                                      | Trans-<br>parency | Public<br>Benefits | Leader-<br>ship | Total | Rank      |
|------------------------------------------------------|-------------------|--------------------|-----------------|-------|-----------|
| U.S. Agency for International Development (USAID)    | 18                | 16                 | 18              | 52    | <i>1</i>  |
| Department of Transportation (DOT)                   | 17                | 16                 | 18              | 51    | <i>2</i>  |
| Department of Veterans Affairs (VA)                  | 14                | 18                 | 16              | 48    | <i>3</i>  |
| Department of Education (ED)                         | 16                | 12                 | 9               | 37    | <i>4</i>  |
| Department of Labor (DOL)                            | 15                | 10                 | 11              | 36    | <i>5</i>  |
| Department of the Treasury (Treasury)                | 14                | 10                 | 12              | 36    | <i>5</i>  |
| Department of Defense (DOD)                          | 14                | 9                  | 11              | 34    | <i>7</i>  |
| Social Security Administration (SSA)                 | 14                | 7                  | 12              | 33    | <i>8</i>  |
| General Services Administration (GSA)                | 8                 | 13                 | 11              | 32    | <i>9</i>  |
| Small Business Administration (SBA)                  | 13                | 8                  | 11              | 32    | <i>9</i>  |
| Department of the Interior (DOI)                     | 13                | 10                 | 8               | 31    | <i>11</i> |
| Environmental Protection Agency (EPA)                | 8                 | 9                  | 14              | 31    | <i>11</i> |
| Department of Housing and Urban Development (HUD)    | 8                 | 8                  | 12              | 28    | <i>13</i> |
| Department of Energy (DOE)                           | 7                 | 9                  | 11              | 27    | <i>14</i> |
| National Aeronautics and Space Administration (NASA) | 8                 | 8                  | 11              | 27    | <i>14</i> |
| Office of Personnel Management (OPM)                 | 11                | 8                  | 8               | 27    | <i>14</i> |
| Federal Emergency Management Agency (FEMA)           | 7                 | 10                 | 8               | 25    | <i>17</i> |
| Nuclear Regulatory Commission (NRC)                  | 8                 | 10                 | 7               | 25    | <i>17</i> |
| Department of State (State)                          | 8                 | 10                 | 7               | 25    | <i>17</i> |
| Department of Health and Human Services (HHS)        | 8                 | 8                  | 8               | 24    | <i>20</i> |
| Department of Justice (DOJ)                          | 8                 | 5                  | 10              | 23    | <i>21</i> |
| Department of Agriculture (USDA)                     | 7                 | 9                  | 6               | 22    | <i>22</i> |
| Department of Commerce (DOC)                         | 11                | 6                  | 5               | 22    | <i>22</i> |
| National Science Foundation (NSF)                    | 9                 | 7                  | 5               | 21    | <i>24</i> |
| Average                                              | 11.00             | 9.83               | 10.38           | 31.21 |           |

Ranking is from highest to lowest total score. Maximum possible score is 60.

Performance Report Scorecard: Which Federal Agencies Inform the Public?  
 Mercatus Center at George Mason University ~ www.mercatus.org ~ 5/3/2000

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## Project Description

Customers who walk into a store, restaurant, or gas station can usually figure out pretty quickly what they will get for their money. But how do citizens know what their government is producing, and how much they are paying for specific results?

The Government Performance and Results Act (GPRA) required federal agencies to produce their first performance reports by March 31, 2000. The purpose of these reports is to give Congress and the American people accurate, timely information that will let them assess the extent to which agencies are producing tangible public benefits.

Good reporting is a critical ingredient in achieving the legislation's broader goal of improved government performance. To help Congress assess this year's reports and help agencies improve the quality of next year's reports, a five-member research team at the Mercatus Center evaluated the reports produced by the 24 agencies covered under the Chief Financial Officers' Act. The research team was headed by the Hon. Maurice McTigue, QSO, a distinguished visiting scholar at the Mercatus Center, and Dr. Jerry Ellig, a senior research fellow at the Mercatus Center.<sup>1</sup> Dr. Tyler Cowen, general director of the Mercatus Center, served as advisory director for the study. Team members employed 12 criteria to answer three questions:

- Does the agency report its accomplishments in a transparent fashion?
- Does the report focus on documenting tangible public benefits the agency produced?

### *Project Advisory Panel*

In conducting this assessment, Mercatus benefited from the assistance of an advisory panel made up of experts in public management, corporate strategy, and communications. Advisory panel members reviewed the evaluation criteria, examined the research team's evaluation notes on individual agency reports, and provided feedback on this summary report. Panel members included:

John Fund, Editorial Writer  
*The Wall Street Journal*  
New York, NY

Dr. Thomas Kessler, Associate Director  
Center for Strategic Management  
Severna Park, MD

Susan King, Vice President, Public Affairs  
Carnegie Corporation of New York  
New York, NY

Dr. Thomas McWeeney, Executive Director  
Center for Strategic Management  
Severna Park, MD

Michael Rosenbaum, President and COO  
The Financial Relations Board/BSMG  
Worldwide  
Chicago, IL

<sup>1</sup> We would like to thank Adolfo Laurenti and Daniele Schiffman for their extensive research support.

- Does the report show evidence of forward-looking leadership that uses performance information to devise strategies for improvement?

The purpose of this assessment is not to evaluate the quality of the results the agencies produced. Our goal is to ascertain how well the agency reports enunciate goals and measures that are based on results rather than activities.

### **Transparency**

Inherent in GPRA's reporting requirements is the principle that the reports should be accessible, readable, and useable by a wide variety of audiences, including Congress, the general public, the news media, stakeholders, and interest groups. Without a high degree of transparency in reporting, an agency's benefits to the community will remain secret to all but a few insiders.

### **Public Benefits**

The clear intent of GPRA is to focus on meaningful results produced for the community. To clearly demonstrate an agency's value to the public, each report should enunciate goals and measures focused on actual results. A result is the intended benefit produced or harm avoided for a particular set of clients or the public at large. In the past, goals and measures often emphasized activities, such as levels of effort, expenditures, or internal project milestones. This reporting practice implicitly assumed that activities automatically translate into results. Such an assumption can be incorrect for a wide variety of reasons. If the reporting process does not review actual results achieved, then it does not fulfill the intent of the Act to inform the public of the success or failure of government programs.

### **Forward-Looking Leadership**

Finally, each report ought to identify and offer solutions to major management challenges by putting forth a plan to improve policies and procedures in the next reporting cycle. Forward-looking leadership means that the agency uses the information in the performance report to identify solutions to perceived problems and change future plans to capitalize on opportunities for improvement.

### **Weighting the Evaluation Factors**

To report the results of this study as transparently as possible, the research team weighted the evaluation factors equally in calculating each agency's total score and rankings. Since the summary table reports scores for all three evaluation factors separately, readers who believe that one factor is more important than others can apply whatever weights they wish to the separate scores and recalculate rankings accordingly.

Also in the interest of transparency, all reports were evaluated against a common scale, even though different agency missions may make it inherently more difficult to develop result-oriented goals and measures or collect appropriate data. (The Department of Education, for example, depends heavily on cooperation from state governments to build a nationwide database tracking student achievement, whereas the Department of Defense faces no such handicap due to the inherently federal nature of its mission.) Given that fiscal 1999 was the first year performance reports were required, there is ample room for improvement. It will probably take a minimum of several years before the inherent nature of agency missions becomes the binding constraint that prevents some agencies from producing better performance reports.

### **Interpreting Our Findings**

The research team evaluated the quality of reporting, not the quality of results, so it would be a mistake to conclude that the agencies with the highest-scoring reports necessarily produced the best results. Ideally, an agency's report reflects more about its managers' capabilities than just their ability to write reports, but this hypothesis cannot be rejected without further investigation. It would also be inappropriate to draw policy conclusions from our inquiry; we offer no recommendations on whether the federal government should or should not be engaged in its current menu of activities.

So what do the findings in this study really mean? By assessing the quality of agency reports, we seek to ascertain which agencies are supplying the information that Congress and the public need to make informed funding and policy decisions.

An additional word on information quality is also in order. The research team assessed the quality of each report's verification and validation procedures, but in the interest of producing a timely study, we did not independently verify the performance information in each agency's report. Given the importance of accurate data for sensible decisions, we believe that verification and validation should be a high priority for agency Inspectors General, Congress, the General Accounting Office, and the Office of Management and Budget.

## Scoring the Reports: Criteria, Role Models and Bad Influences

When the Mercatus team assessed the reports, each agency had the opportunity to earn up to 20 points in each of the three categories, for a maximum score of 60 points. Each category included four equally weighted evaluation factors.

### TRANSPARENCY

#### 1. Is the report easily accessible and easily identified as the agency's Annual Performance Report?

Public accountability can only be served if members of the public can actually find out what the agency is doing for them. The annual report should be made accessible to the public, stakeholders, the media, and others at the agency's web site. The report should be filed as a stand-alone document and linked to the agency's home page – not buried in a monstrous document or rarely visited web site.

An agency's score on this criterion depended chiefly on whether the report was available on the agency's web site, how difficult it was for us to obtain a paper copy if it was not on the web site, and whether the report was clearly labeled as the fiscal year 1999 performance report.

**Role models:** *Department of Labor (DOL)* and *Office of Personnel Management (OPM)*. At the center of Labor's home page is a link to the "U.S. DOL Annual Report on Performance and Accountability for Fiscal Year 1999." Similarly, a link to OPM's report was at the very top of its home page in the headlines section (labeled FY 1999 Annual Performance Report.)

**Bad influences:** Even some of the better reports, such as the one produced by the *Department of Veterans' Affairs (VA)*, could not be found on the web. In some cases, we obtained agency reports only after repeated phone calls. The *Department of Energy's (DOE)* report is on the department's web site, but it is hard to find and not labeled as the performance report. Only GPRA groupies are likely to identify it as the performance report -- after they waded through its pages.

#### 2. Is the report easy for a layperson to read and understand?

Style and language should allow a non-specialist to grasp significant information quickly. It should read more like a corporate annual report than an internal memo. Key elements for scoring purposes include clarity of text, absence of jargon and acronyms, sentence and paragraph structure, general organization, and use of visual features like graphics, tables, and headings.

**Role model:** *Agency for International Development (USAID)*. The report contains a massive amount of detail for those who are interested, but it is easy to pick out the highlights without having to read all of the text. Use of consistent headings, sidebars, tables and charts makes this report easy to scan. For example, a reader interested in finding out where performance goals were exceeded need only look for a boldfaced heading in each section titled “Achievement Beyond Fiscal Year 1999 Plan Levels.” Similar headings indicate where the reader can find information on goals that were met, goals that were not met, proposed actions to remedy unmet goals, and revisions to next year’s performance plan that are based on lessons learned from this performance report. Readers interested in only a few countries can easily search for them in the hard copy, since country names are always boldfaced in the text. Clarity and relative lack of jargon make the report understandable to readers who are not specialists in foreign aid.

**Bad influences:** The *Department of Agriculture (USDA)* served up more than 600 pages of technical, acronym-laden discussion. The *Department of Commerce (DOC)* produced only 180 pages of similar quality text, but also included poorly designed tables that confuse more than enlighten. The *Department of Health and Human Services (HHS)* offers access to complete information on 750 performance measures – far too many to give most readers a comprehensible overview of the agency’s accomplishments. *NASA’s* performance measure discussion puzzled us all with technical language such as “Studies found that the recovery of sensorimotor postural control [after flight] strongly implicates disrupted processing of otolith inputs....”

### 3. Are the performance data reliable, credible, and verifiable?

The report should discuss data quality and verification/validation procedures and should provide a summary of the Inspector General’s report. Outside audits of are desirable. People outside the agency should be able to access and check the data.

**Role model:** *Department of Education (ED)*. Discussion of validation procedures, data limitations and use of outside sources was thorough and comprehensive. It is clear that although many data are not of the best quality, the department is aware of this and working to improve. For example, because the federal government accounts for a small fraction of expenditures on K-12 education, states have a primary role, and the department must secure their cooperation in order to have consistent national data. The department offers a series of strategies and goals to develop new databases, improve data quality, and ensure unqualified (clean) financial audits.

**Bad influences:** There are two principal types of problems – complete omission and lack of verification. The *National Aeronautics and Space Administration (NASA)* cites no data sources and offers no discussion of data quality. All *Department of Justice (DOJ)* data sources are acronyms indicating internal databases, with no discussion of verification.

**4. Did the agency provide baseline and trend data to put its performance measures in context?**

Performance information is meaningless unless it is easily tracked over several years. To assign scores under this criterion, we considered both the presence and quality of baseline and trend data.

Many measures are new and therefore lack baselines. In some cases, proper measures have *just* been identified and systems have not been established to provide the necessary data. These circumstances should be explicitly stated in the report.

**Role model:** *Department of Defense (DOD).* Report includes three years of actual data in addition to goals of each program for the next three years, thus painting a clear picture of progress or lack thereof.

**Bad influences:** The *National Science Foundation (NSF)* develops no baselines or trends whatsoever, and many of its fiscal 1999 performance measures include the results of the entire past 30 years of activity. The *Environmental Protection Agency (EPA)* reports some data from past years, but the method of presentation makes it difficult or impossible to gauge progress over time.

**BENEFITS TO THE COMMUNITY**

**5. Are the goals and objectives stated as results?**

A “result goal” is defined as the intended benefit (or harm avoided) due to the agency’s programs or activities. All goals should also clearly be of value to the community. Activity measures, such as number of participants in a particular program or completion of a study, may contribute to achievement of a result but do not constitute results of interest to the public at large.

**Role model:** *Department of Transportation (DOT).* All five strategic goals are result-based.

#### **Department of Transportation's Strategic Goals**

**Safety-** Promote the public health and safety by working toward the elimination of transportation-related deaths, injuries, and property damage.

**Mobility-** Shape America's future by ensuring a transportation system that is accessible, integrated, efficient, and offers flexibility of choices.

**Economic growth and trade-** Advance America's economic growth and competitiveness domestically and internationally through efficient and flexible transportation.

**Human and natural environment-** Protect and enhance communities and the natural environment affected by transportation.

**National security-** Advance the nation's vital security interests in support of national strategies such as the National Security Strategy and National Drug Control Strategy by ensuring that the transportation system is secure and available for defense mobility and that our borders are safe from illegal intrusion.

**Bad influences:** Agencies often offer a mixture of activity and result goals. It is not clear whether activity goals are offered out of desperation to find something measurable, or because the report's authors do not understand the difference between activities and results. For example, two of five of the *Department of Energy's* strategic goals are clearly activities: "Support U.S. energy, environmental, and economic interests in global markets," and "Carry out information collection, analysis, and research that will facilitate development of informed positions on long-term energy supply and use alternatives." The frustrating aspect of such examples is that it should not have been too difficult to identify the ultimate results the department seeks to achieve through these means, and then express the goal in terms of results rather than activities. Without such thought, the department may remain wedded to a set of activities even if they fail to produce the unarticulated but implicitly intended results.

#### **6. Are the performance measures focused on results or activities?**

Direct measures, surrogate measures and indicators should tell whether or not intended results were achieved. For instance, if the goal is to reduce suffering from disease, a direct measure would be a detailed accounting of costs in time, money and "quality of life;" a surrogate measure might be a nationwide study that included physicians' assessments of severity; and an indicator would be incidence of the disease. None are perfect but all deal with results.

Data measuring activities, funding, or effort do not usually qualify as results, unless the agency makes a compelling and documented case that there is a tight link between activity and

achievement of results. For the disease example, inappropriate measures would include the number of treatment centers, dollars spent on treatment or number of hotline phone calls. All of these may contribute to the result but do not in and of themselves show a reduction of suffering from disease.

**Role model:** *Department of Transportation.* Not all performance measures are results, but the majority of measures for most goals are.

| DOT Strategic Goal | Examples of Performance Measures                                                                                                                                                       |
|--------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Safety             | Fatality and injury rates for all highway traffic, trucks, airlines, railroads, public transit, recreational boaters, maritime workers, etc.                                           |
| Mobility           | Highway pavement condition, highway congestion, runway pavement condition, aviation delay, all weather access to airports, Amtrak and transit ridership, transportation accessibility. |
| Economic Growth    | Flight route flexibility, Great Lakes winter navigation, openness of international aviation markets.                                                                                   |
| Environment        | Energy efficiency, wetland protection and recovery, aircraft noise exposure, fisheries protection.                                                                                     |
| National Security  | Aviation security, sealift capacity, mariner availability, military readiness, percent of illegal drugs interdicted.                                                                   |

**Bad influences:** Many agencies measure virtually nothing but activities, including the *Small Business Administration*, *Department of the Interior*, *Environmental Protection Agency*, and *Department of Health and Human Services*. *NASA* focuses so much on internal project milestones that its measures may not be of use to anyone outside the agency. Example: "Conduct Remotely Piloted Aircraft (RPA) demonstrations to validate the capability for science missions of greater than 4 hours duration in remote deployments to areas such as the polar regions above 55,000 feet." All but a few indicators at the *Department of Justice* track internal activities, such as prosecutions, training, investigations, sales of seized property, prisoners or victims assisted, and reinvention labs sponsored.

**7. Does the agency demonstrate that its actions have actually made a significant contribution toward its stated goals?**

Does the report make a case that there is a clear cause/effect relationship between the agency's work and results valued by the public? It should be obvious to the layman that the agency's programs influence results in a positive way. Additionally, the agency should not take credit for

other positive influences. For example, if traffic fatalities fell because everyone decided to stay home, then the Department of Transportation would not deserve credit for the drop in fatalities.

**Role model:** *Agency for International Development.* USAID's report explains the agency's contribution to results that were achieved in particular cases, and it specifically acknowledges the role played by other factors. The report (p. ix) notes, "While USAID plays an important role in achieving the high-level development goals set in the FY99 Annual Performance Plan, not all changes can be attributed to USAID. The efforts of host country governments assisted by the donor community will be critical to success in reaching those goals. The global economy and the absence of natural disasters will also heavily influence success." The report attempts to identify specific initiatives that came to fruition, such as the nation of Senegal's legislation prohibiting female genital mutilation, which was enacted in response to a pilot citizen mobilization and education program supported by USAID.

**Bad influences:** Even when they could cite improvements in results, most agencies failed to demonstrate that their actions made the difference. Some, such as the *Department of Education*, make a strong case that their actions influence the results they measure. However, the department made little effort to explain other factors that could affect results or determine what portion of the results were due to the department's initiatives. The *National Science Foundation's* report tends to assume that if NSF gave money to bright scholars who produced scientific breakthroughs, then NSF funding must have caused (or at least contributed to) the scholars' achievements. The *Small Business Administration* offers no evidence that its clients are any more successful than similar small businesses that do not receive SBA assistance.

#### 8. Did the agency link its goals and results to costs?

Performance budgeting is in the pilot stage, so little is expected in the first annual reports. In addition, the Office of Management and Budget did not explicitly require agencies to include cost information in their performance reports. Nevertheless, we included this factor in order to give credit to agencies that took the initiative to include cost information in highly useful and informative ways. For example, an agency could show the quantity of funding or other resources that are allocated to each of its major results-based goals, or it might report the cost per unit of some more specific performance measure.

**Role model:** *Department of Veterans' Affairs.* A set of charts juxtaposes personnel and costs by program area against the performance measures relevant to each program area. Some sections include even more detail, such as cost per pension claim, administrative costs per beneficiary of VA educational programs, administrative costs per housing loan, and percent of medical care operating budget derived from non-appropriated revenue streams. These kinds of information help the reader understand what we pay per unit of the VA's results.

**Bad influences:** Most reports simply fail to offer any discussion of costs, even for agencies that engage in a substantial volume of financial transactions. For example, the *Small Business Administration's* report contained no discussion of risk, cost of capital, and similar factors that are crucial to the financial performance of an agency that makes a substantial volume of loans.

#### FORWARD-LOOKING LEADERSHIP

##### 9. Does the report show how the agency's results will make this country a better place to live?

The report should make a solid case for the agency's value and create excitement about the challenges and opportunities ahead – regardless of actual past performance.

**Role model:** *Department of Transportation.* The effect of DOT on the national transportation system, and the resulting effect on Americans' quality of life, is explained well. The biggest factor contributing to this success is the way that the strategic goals are written. Each goal identifies a broad result that is of interest to citizens, then briefly describes the means DOT will employ to affect that result. This pattern of "We will accomplish X by means of Y" naturally promotes an understanding of how the performance measures – including the activity-based ones – affect people's lives.

**Bad influences:** Many agencies seem to assume that they do not need to prove that their results are valuable to the average citizen. Several, such as the *Department of Energy* and *Department of Justice*, emphasize what "the department" is doing, rather than what citizens are getting. Both *NASA* and the *National Science Foundation* asserted that advancements in science benefit citizens, but they presented only limited anecdotal evidence. Not even the *Nuclear Regulatory Commission (NRC)*, whose job is to help prevent nuclear accidents, explicitly demonstrated that its actions made this country a better place to live.

##### 10. Does the agency explain failures to achieve targets outlined in its strategic plan?

If an agency cannot identify reasons for failure, it is not learning from the performance information contained in the report. While unrealistic goals should be revised downward, they should not be changed to make current performance look better. Achievable but challenging goals should be the intention. Barriers to progress should be labeled as such, and efforts should be made to remove them.

**Role model:** *Agency for International Development.* Discussion of results in other countries provides explanations when targets were not met. Examples include explanations of the effects of the Asian financial crisis on Indonesian economic growth, effects of natural disasters in Latin America and the Caribbean, and public health effects of depleted Haitian stocks of oral

rehydration salts and vitamin A (which donors other than USAID supply). When objectives went unmet in at least some countries, the report includes a section explicitly labeled “Planned Actions for Unmet Fiscal Year 1999 Targets.”

**Bad influences:** Most disturbing is the tendency to avoid discussion of failure to achieve goals by avoiding the reporting of failure altogether. The *Department of Commerce* Defined a goal as “met” if performance came within 10 percent of the target level and “substantially met” if performance exceeded 67 percent of the target level. External reviewers utilized by the *National Science Foundation* were permitted to classify NSF programs as “successful” or “marginally effective”; “unsuccessful” was not an option. In the *Office of Personnel Management’s* report, performance measures that fail to meet goals but exceed the level of performance in 1998 are classified as “progress” rather than “not met.” The *Nuclear Regulatory Commission* virtually guaranteed that few failures would be reported by selecting “no increase” in hazards and “zero disasters” as its most common goals.

#### 11. Does the report identify major management challenges?

Most agencies have a few obstacles that impair their ability to achieve success in all programs and activities, such as obtaining clean financial audits from the Inspector General. The General Accounting Office and the agencies’ own Inspectors General have identified many of these challenges. These issues should be addressed somewhere in the report, even if the agency does not explicitly list them.

**Role models:** *Agency for International Development, Department of Veterans’ Affairs, and Department of Transportation.* All of their reports contain thorough discussions of management challenges raised by the General Accounting Office and Inspectors General. DOT even lists the management challenges in a separate index.

**Bad influences:** There are no egregious examples of abuse. The worst cases are simply sins of omission; many reports contain no mention of major management challenges at all.

#### 12. Does it describe changes in policies or procedures to do better next year?

This is, after all, the first full cycle of the Act, and the changes it prescribes in the way government does business are very difficult to implement. But the whole idea is to gather information that informs future action – and to use it. Is it evident that knowledge gained from this process is actually being used to make decisions on future activities and priorities?

**Role model:** *Department of Transportation.* This report is quite forward-looking. Changes to improve individual measures are evident throughout. Overall design and the decision to combine

this report with the 2001 strategic plan facilitated continuation of the results discussion in each section. The discussion of each measure includes fiscal year 1999 results, projected performance in 2000, and strategies and initiatives to achieve goals in 2001. Headings clearly mark these items in each section. Plenty of new ideas are presented.

**Bad influences:** The most common problem is reports that are completely backward looking, with no indication that the agency is learning anything that would alter future plans. Reports of this type include those from the *Departments of Interior, State, and Commerce*.

## **Appendix: Evaluation Summaries**

## U.S. Agency for International Development (USAID)

### EVALUATION SUMMARY

|                  |           |                                         |
|------------------|-----------|-----------------------------------------|
| Transparency:    | 18        |                                         |
| Public Benefits: | 16        | Min. score per category = 4 (Max. = 20) |
| Leadership:      | 18        | Min. total score = 12 (Max. = 60)       |
| <b>TOTAL:</b>    | <b>52</b> |                                         |

#### Transparency

- Report is posted on agency web site and clearly labeled.
- Use of headings, sidebars, tables and charts makes report easy to scan.
- Understandable to readers who are not specialists in foreign aid.
- All data sources were clearly cited so that readers can verify information on their own.
- Report provides baseline data for comparison and supplies "projected 1999" figures when 1998 data are the most recent available.

#### Public Benefits

- Five of seven strategic goals are results.
- Most measures are result measures, with the exception of measures tied to one of the activity-oriented goals.
- Report explains contribution of USAID in particular cases, and it specifically acknowledges the role played by other governments. It avoids taking credit for results that were produced primarily by other parties' decisions rather than USAID activities.
- Expenditures were classified by strategic goal, so the reader can actually match expenditures with reported results.
- No discussion of cost-effectiveness of expenditures.

#### Leadership

- Report explains in layman's terms how USAID affects economic growth in other countries. Explanations of how this affects the American public are provided under each strategic goal and in a separate summary section.
- Discussion of results in other countries provides explanations when targets were not met and discusses what USAID plans to do differently as a result.
- Discussion of management-oriented measures does not clearly identify problems.
- Report contains thorough discussion of management challenges identified by the General Accounting Office and its own Inspector General.
- Agency does not hesitate to criticize its own initiatives and discuss failures.

*Performance Report Scorecard: Which Federal Agencies Inform the Public?*  
Mercatus Center at George Mason University ~ [www.mercatus.org](http://www.mercatus.org) ~ 5/3/2000

Appendix 1

## Department of Transportation (DOT)

### EVALUATION SUMMARY

|                  |           |                                         |
|------------------|-----------|-----------------------------------------|
| Transparency:    | 17        |                                         |
| Public Benefits: | 16        | Min. score per category = 4 (Max. = 20) |
| Leadership:      | 18        | Min. total score = 12 (Max. = 60)       |
| <b>TOTAL:</b>    | <b>51</b> |                                         |

#### Transparency

- Report was announced at a press conference and was easily to obtained from DOT, but we could not find it on the department's web site.
- Well-organized and easy to understand.
- Discussion of data quality is a model for other agencies to follow. Each measure's scope, source, limitations, statistical issues, verification and validation procedures are covered.
- Trend data were presented as far back as 5-10 years.

#### Public Benefits

- All five strategic goals are results-oriented.
- Most measures are results-oriented.
- Report recognizes external factors that affect results but does not isolate influence that can be attributed to DOT.
- Report shows fiscal year 1999 and estimated 2000 and 2001 spending, allocated both by sub-unit and by strategic goal.

#### Leadership

- Effect of DOT on national transportation system, and the resulting effect on Americans' quality of life, is well documented.
- Failures to meet strategic goal targets were discussed and explained. Agency was less forthcoming in regard to failures in the section discussing management strategy.
- Major management challenges are discussed and even listed in a separate index.
- Report presents many ideas for change in response to information on actual results achieved in 1999.

## Department of Veterans Affairs (VA)

### EVALUATION SUMMARY

|                  |           |                                         |
|------------------|-----------|-----------------------------------------|
| Transparency:    | 14        |                                         |
| Public Benefits: | 18        | Min. score per category = 4 (Max. = 20) |
| Leadership:      | 16        | Min. total score = 12 (Max. = 60)       |
| <b>TOTAL:</b>    | <b>48</b> |                                         |

#### Transparency

- Report was not found on VA's web site.
- Language is understandable, but inconsistency in formatting and numbering of headings and performance goals caused confusion.
- Data sources and validation methods are provided for each performance goal.
- Several years' worth of data (sometimes as many as five years' worth) places each measure in context.

#### Public Benefits

- All but a few objectives focus directly on the well being of veterans or of the U.S. as a whole.
- With very few exceptions, VA chose measures that are meaningful and tied directly to results.
- The financial highlights page (showing costs by program area), measures of cost per patient and "percent of medical care operating budget derived from alternative revenue streams" help the reader understand what we pay for the VA's results.
- Incorporation of information on unfunded liabilities is a fine example of fiduciary responsibility.

#### Leadership

- Report never takes the spotlight off of its veteran constituency long enough to focus on benefits to the rest of the public.
- When targets were not achieved, the report gives plausible explanations and describes remedial actions.
- Frank and thorough discussion of management problems was provided, including problems identified by the General Accounting Office and VA's Inspector General.
  - Report sometimes describes future plans for improvement, sometimes not.

## Department of Education (ED)

### EVALUATION SUMMARY

|                  |           |                                         |
|------------------|-----------|-----------------------------------------|
| Transparency:    | 16        |                                         |
| Public Benefits: | 12        | Min. score per category = 4 (Max. = 20) |
| Leadership:      | 9         | Min. total score = 12 (Max. = 60)       |
| <b>TOTAL:</b>    | <b>37</b> |                                         |

#### Transparency

- Report is posted on the web in a user-friendly format and clearly labeled.
- Highly readable due to organization, format, use of graphs and definition of acronyms.
- Discussion of validation procedures, data limitations and use of outside sources was all quite good. It is clear that although many data are not of the best quality, the department is aware of this and working to improve.
- Treatment of baselines and trends is a model for other agencies to follow. Several years' worth of data are given, and baselines are clearly distinguished from goals.

#### Public Benefits

- Most goals and objectives are results.
- Most measures focus on results.
- Report makes a strong case that the department influences the results it measures, but makes little effort to explain other factors that could affect results or determine how much of the results were due to ED initiatives.
- No discussion linking results to costs.

#### Leadership

- Report does not convincingly attribute positive results to ED programs.
- Failures to meet goals are not explained, but followed by lengthy discussions of ED programs that may or may not have an effect on the measured goal.
- A few major management challenges are discussed.
- Report suggests that ED uses results information in its planning, but it is not clear if this has affected departmental performance yet.

## Department of Labor (DOL)

### EVALUATION SUMMARY

|                  |           |                                         |
|------------------|-----------|-----------------------------------------|
| Transparency:    | 15        |                                         |
| Public Benefits: | 10        | Min. score per category = 4 (Max. = 20) |
| Leadership:      | 11        | Min. total score = 12 (Max. = 60)       |
| <b>TOTAL:</b>    | <b>36</b> |                                         |

#### Transparency

- At the center of the department's home page is a link to the: "U.S. DOL Annual Report on Performance and Accountability for Fiscal Year 1999."
- Organization is clear and simple. Acronyms are kept to a minimum, and generous use of graphics make this report very easy to read.
- Most data come from internal sources, and no statement attesting to data quality was offered.
- Baselines are identified for new measures and plenty of historical data are presented in an effective manner (including outstanding graphics), making progress easy to follow.

#### Public Benefits

- About half of the department's goals are results; the rest are activities.
- Some measures are very focused on results, while others just count heads, documents or meaningless facts.
- Where the report's authors choose to show that the department's actions have affected measured performance, they do a good job. But such discussion is often missing.
- No discussion of costs.

#### Leadership

- Secretary's letter makes a case that DOL improves the American worker's quality of life, but the rest of the document did little to support this claim.
- Explanation of failures is clear in a discussion of individual goals relegated to an appendix. In the main document, it is hard to tell what succeeded and what failed.
- No discussion of major management challenges.
- Several discussions of future plans and challenges make good use of information contained in the performance measures.

## Department of the Treasury (Treasury)

### EVALUATION SUMMARY

|                  |           |                                         |
|------------------|-----------|-----------------------------------------|
| Transparency:    | 14        |                                         |
| Public Benefits: | 10        | Min. score per category = 4 (Max. = 20) |
| Leadership:      | 12        | Min. total score = 12 (Max. = 60)       |
| <b>TOTAL:</b>    | <b>36</b> |                                         |

#### Transparency

- Report is easy to find on the web and clearly identified.
- Easy to read, but hard to understand due to the paucity of actual result measures.
- Appendix explaining data sources provides confidence that data are fairly reliable; much data is from sources outside the Treasury. However, there is little or no explicit discussion of verification procedures.
- Some measures include previous year's data, but many baselines are being developed.

#### Public Benefits

- The department-wide goals and objectives are generally results, except for "management" part of mission, which is activity.
- Measured "performance goals" are usually measures of inputs and activities, not results. Ancillary data presented as "trends" unintentionally provides some insight into results.
- Performance measurement for the financial management goals is the main bright spot. Development of IRS customer satisfaction baselines is a plus that should improve the quality of reporting in future years.
- Report lists programs intended to affect results, but provides no evidence of causality.
- Virtually no discussion of costs. Cost data reported by the U.S. Mint and Bureau of Engraving and Printing are the sole islands of excellence in this regard.

#### Leadership

- Department-wide goals affect Americans' quality of life, but this link is not made explicitly and has to be inferred.
- Failures to meet targets are almost always explained.
- Report mentions major management challenges but offers little depth.
- Information is used to support future planning only to the extent that Treasury says it will increase activity or ask for more resources to address areas where performance falls short of goals.

*Performance Report Scorecard: Which Federal Agencies Inform the Public?*  
 Mercatus Center at George Mason University ~ [www.mercatus.org](http://www.mercatus.org) ~ 5/3/2000  
 Appendix 6

## Department of Defense (DOD)

### EVALUATION SUMMARY

|                  |           |                                         |
|------------------|-----------|-----------------------------------------|
| Transparency:    | 14        |                                         |
| Public Benefits: | 9         | Min. score per category = 4 (Max. = 20) |
| Leadership:      | 11        | Min. total score = 12 (Max. = 60)       |
| <b>TOTAL:</b>    | <b>34</b> |                                         |

#### Transparency

- Report is posted on the web, but hard to find and not labeled.
- Charts, diagrams, brevity, and integration of information on all four branches of the armed forces was helpful. However, the report was larded with unexplained military acronyms and terminology.
- There are detailed descriptions of internal verification procedures, and some descriptions of external verification as well.
- Report includes three years of actual data in addition to goals of each program for the next three years, thus painting a clear picture of progress or lack thereof.

#### Public Benefits

- Goals are stated as results, but many objectives are not.
- Most measures are activities. Actual results achieved through military action appear to have no place in the report.
- Report does not establish clear link between DOD activities and extent to which Americans are actually more protected.
- No information tells the reader what the reported results cost, although some good data are presented in relation to some infrastructure cost reduction goals.

#### Leadership

- Report's introduction starts with strong statements suggesting the potential for DOD to affect the life of every American, but report does not substantiate this claim.
- Explanations of failures to achieve goals were weak; operations in Bosnia usually received blame for reductions in readiness elsewhere.
- Little discussion of major management challenges.
- Information gathered on 1999 performance seems to have little effect on future plans.

## Social Security Administration (SSA)

### EVALUATION SUMMARY

|                  |           |                                         |
|------------------|-----------|-----------------------------------------|
| Transparency:    | 14        |                                         |
| Public Benefits: | 7         | Min. score per category = 4 (Max. = 20) |
| Leadership:      | 12        | Min. total score = 12 (Max. = 60)       |
| <b>TOTAL:</b>    | <b>33</b> |                                         |

#### Transparency

- Report is posted on the web but may be hard to find, because it is labeled "Accountability Report for Fiscal 1999."
- Clarity, brevity, organization and definition of acronyms all show concern for the non-specialist reader, though the report contains an excessive amount of jargon.
- All data are from internal sources, with minimal discussion of external checks.
- Numerical data are generally shown for several consecutive years in easy-to-read tables.

#### Public Benefits

- Goals of improving service and public understanding of retirement security issues are result-oriented, but all others are activities.
- Customer service measures are all results-based; others are mixed but activities dominate.
- Report largely assumes that administering existing programs is sufficient to accomplish mission to "help protect aged Americans against the loss of income due to retirement."
- No discussion linking results to costs.

#### Leadership

- Agency's vision largely consists of delivering checks accurately and quickly, with no explanation of why this is the most crucial thing the agency can do to advance its mission.
- Most failures were explained. No discussion of how success/failure on 59 performance goals adds up to success/failure on five strategic goals.
- No discussion of major management challenges, other than fraud in the disability program.
- While they did an excellent job of explaining changes and were quick to discard meaningless measures, SSA could be more innovative and aggressive in using the information to analyze and support policy changes.

## General Services Administration (GSA)

### EVALUATION SUMMARY

|                  |           |                                         |
|------------------|-----------|-----------------------------------------|
| Transparency:    | 8         |                                         |
| Public Benefits: | 13        | Min. score per category = 4 (Max. = 20) |
| Leadership:      | 11        | Min. total score = 12 (Max. = 60)       |
| <b>TOTAL:</b>    | <b>32</b> |                                         |

#### Transparency

- Report was not on the agency's web site.
- Easy to read and understand at performance goal level, but higher-level strategic goals, which were needed to tie performance goals together, were unclear.
- Only two of the four units – Public Buildings Service (PBS) and Federal Technology Service (FTS) – addressed data quality issues. Neither attested to its reliability, though, and source information is very limited.
- Except for the PBS unit, trend data are difficult to understand and often of limited relevance.

#### Public Benefits

- Strategic goals are activities, and they are not measured.
- Most performance goals are result-oriented. Result-oriented performance goals have result-oriented measures.
- Report somewhat makes the case that GSA actions actually contributed to achievement of goals.
- Each unit had significant and appropriate financial goals.

#### Leadership

- Appeal to federal customers is strong. How GSA results improve the well being of citizens/taxpayers is not really addressed.
- PBS and the Office of Governmentwide Policy explained failures to meet goals, but the other two GSA units did not.
- Little discussion of major management challenges.
- Report includes discussion of changes to improve performance next year.

## Small Business Administration (SBA)

### EVALUATION SUMMARY

|                  |           |                                         |
|------------------|-----------|-----------------------------------------|
| Transparency:    | 13        |                                         |
| Public Benefits: | 8         | Min. score per category = 4 (Max. = 20) |
| Leadership:      | 11        | Min. total score = 12 (Max. = 60)       |
| <b>TOTAL:</b>    | <b>32</b> |                                         |

#### Transparency

- Report is on the web and not hard to find.
- Generally clear, but goals are not well defined and many acronyms are not explained.
- Little discussion of data quality.
- Several years' worth of trend data were furnished for all indicators.

#### Public Benefits

- Only one goal is result-based, and objectives derived from that goal are result-based.
- Most performance measures are activities, not results.
- No evidence that SBA clients are more successful than similar small businesses that do not receive SBA assistance.
- Virtually no discussion of costs – especially surprising in an agency for which loans are its primary activity.

#### Leadership

- SBA claims it benefits small business, but fails to explain how this helps the average American.
- Report explained failures to meet goals for individual indicators, but failed to explain the implications for whether broader strategic goals were met.
- Management challenges identified by SBA's Inspector General were discussed.
- Some discussion of changes motivated by performance information.

## Department of the Interior (DOI)

### EVALUATION SUMMARY

|                  |           |                                         |
|------------------|-----------|-----------------------------------------|
| Transparency:    | 13        |                                         |
| Public Benefits: | 10        | Min. score per category = 4 (Max. = 20) |
| Leadership:      | 8         | Min. total score = 12 (Max. = 60)       |
| <b>TOTAL:</b>    | <b>31</b> |                                         |

#### Transparency

- Report is easily found on the web.
- Primary focus is on describing what the department does rather than what results it achieved. It is easy to understand, though.
- Readers interested in data quality are referred to another document that provides a thorough discussion indicating that the department lacks confidence in its data.
- Where data are presented, there is information on trends.

#### Public Benefits

- Most of the departmental strategic goals are result-oriented and each of the eight bureaus has a clear mission.
- Most numbers in the report measure activities, not results.
- Since the report does not link DOI's activities with results, the reader cannot determine whether DOI has been successful or not.
- Information on costs appears sporadically.

#### Leadership

- The introduction to the report presents a strong case that DOI makes this country a better place to live.
- No discussion of failures.
- A small amount of discussion deals with a few major management challenges.
- Report is completely backward looking, with no indication that 1999 performance information will affect future plans or activities.

## Environmental Protection Agency (EPA)

### EVALUATION SUMMARY

|                  |           |                                         |
|------------------|-----------|-----------------------------------------|
| Transparency:    | 8         |                                         |
| Public Benefits: | 9         | Min. score per category = 4 (Max. = 20) |
| Leadership:      | 14        | Min. total score = 12 (Max. = 60)       |
| <b>TOTAL:</b>    | <b>31</b> |                                         |

#### Transparency

- Report is posted on agency's web site but not easily found.
- Technical language and acronyms are generally avoided, but report is still hard to understand due to large quantity of text and poor organization.
- Very little discussion of data quality, and no data sources are cited.
- Baseline/trend data are not presented in a way that facilitates comparison with 1999 results.

#### Public Benefits

- Most of the goals are results.
- Only 25 percent of performance measures are results.
- Report fails to demonstrate EPA's impact on its goals, because most of the performance measures are activities whose effects on results are not explained.
- No costs are discussed, even though the report claims EPA has now established a Planning, Budgeting, Analysis, and Accountability System.

#### Leadership

- EPA has many results-based goals but has trouble explaining how its activities affect them.
- Most failures to achieve targets were explained in an appendix.
- Significant management challenges are discussed.
- Report places heavy emphasis on long-term goals and performance improvement.

## Department of Housing and Urban Development (HUD)

### EVALUATION SUMMARY

|                  |           |                                         |
|------------------|-----------|-----------------------------------------|
| Transparency:    | 8         |                                         |
| Public Benefits: | 8         | Min. score per category = 4 (Max. = 20) |
| Leadership:      | 12        | Min. total score = 12 (Max. = 60)       |
| <b>TOTAL:</b>    | <b>28</b> |                                         |

#### Transparency

- Report was not found on HUD's web site.
- Performance indicators are not enumerated, acronyms are not always defined, details are not supported with background information and graphics are non-existent.
- Data sources are not mentioned, and occasional comments suggest that HUD has qualms about data quality.
- Trend data are often shown, but could have been better presented.

#### Public Benefits

- Strategic goals and objectives are mostly result-based.
- Most performance measures are activities, and the few result-oriented ones are hard to understand.
- No evidence that HUD's activities actually help achieve its goals.
- Results not linked to costs.

#### Leadership

- Report language assumes that the reader is already familiar with HUD and that HUD's contribution to Americans' quality of life is obvious.
- Analysis of each performance indicator explained failures, but failures to meet goals were sometimes blamed on poor data.
- Report devotes an entire section to major organizational challenges.
- Report discusses ideas for improvement, but suggests no major changes.

## Department of Energy (DOE)

### EVALUATION SUMMARY

|                  |           |                                         |
|------------------|-----------|-----------------------------------------|
| Transparency:    | 7         |                                         |
| Public Benefits: | 9         | Min. score per category = 4 (Max. = 20) |
| Leadership:      | 11        | Min. total score = 12 (Max. = 60)       |
| <b>TOTAL:</b>    | <b>27</b> |                                         |

#### Transparency

- Report is on the department's web site. It is hard to find, however, and not labeled as the performance report. Only GPRA groupies are likely to identify it as the performance report, after they find it and read it.
- Much of the report was quite readable, but the best information on results was hidden in a separate "Detailed Performance Results" section that was much more difficult to follow.
- No data sources were given, and there is no discussion of data quality.
- No baseline or trend data.

#### Public Benefits

- Five strategic goals are all activities. Some lower-level objectives are results.
- Most measures focus on activities, such as publications, proposals, and reviews.
- Report cites examples in which departmental actions have helped achieve its goals, but this kind of discussion is sporadic.
- A few scattered references to dollar cost figures are included, but there is no systematic analysis of costs.

#### Leadership

- Report describes what "the department" is doing, not what citizens are getting.
- Failures are explained only in the hard-to-follow "Detailed Performance Results" section.
- Major management challenges are discussed.
- The only improvements for the future discussed are activity improvements.

## National Aeronautics and Space Administration (NASA)

### EVALUATION SUMMARY

|                  |           |                                         |
|------------------|-----------|-----------------------------------------|
| Transparency:    | 8         |                                         |
| Public Benefits: | 8         | Min. score per category = 4 (Max. = 20) |
| Leadership:      | 11        | Min. total score = 12 (Max. = 60)       |
| <b>TOTAL:</b>    | <b>27</b> |                                         |

#### Transparency

- Report is hidden in an "other reports" section of the CFO's web page.
- Language is heavily technical, especially in sections covering performance results.
- No data sources mentioned, and no discussion of data quality.
- Baseline data occasionally presented, but NASA's goals do not lend themselves to such analysis, as they are expressed in terms such as use, document, analyze, set up, enable, complete, demonstrate, produce, initiate, perform, deploy, provide, establish, transfer, etc.

#### Public Benefits

- Only one major area, Aerospace Technology Enterprise, has clear result goals.
- Not only are the performance measures all activities, but they are also far too specific to be of interest to anyone outside the agency.
- The nature of NASA's work implies that the agency will have a strong influence on objectives it chooses to pursue. Even so, some of the connections appear tenuous.
- Some discussion of efforts to improve cost efficiency, but no discussion of what specific achievements cost.

#### Leadership

- Report simply assumes that knowledge is good for its own sake, with few attempts to link new knowledge with improved quality of life.
- Failure to achieve targets is explained, but targets are so activity-oriented that success or failure may not matter much.
- Some discussion of major management challenges.
- It is impossible to determine from this report if the agency is using GPRA and performance information to drive improvements.

## Office of Personnel Management (OPM)

### EVALUATION SUMMARY

|                  |           |                                         |
|------------------|-----------|-----------------------------------------|
| Transparency:    | 11        |                                         |
| Public Benefits: | 8         | Min. score per category = 4 (Max. = 20) |
| Leadership:      | 8         | Min. total score = 12 (Max. = 60)       |
| <b>TOTAL:</b>    | <b>27</b> |                                         |

#### Transparency

- The report was at the very top of OPM's home page (in the headlines section) and labeled "FY 1999 Annual Performance Report."
- Executive summary lacked substance, not enough acronyms were defined, use of the legend was overdone, table formats were inconsistent, and there was a confusing switch of major goals and priorities at the beginning of the report.
- With such heavy emphasis on survey results as indicators, more should have been done to ensure their validity.
- Trend data from previous years were provided where available.

#### Public Benefits

- At the agency level, strategic goals don't focus very well on results. At the office level, goals articulate benefits that will result from the activities.
- The sole result measures were customer satisfaction surveys, which were not explained satisfactorily.
- Effect of agency's activities on its goals is difficult to judge, because the report first states strategic goals, then offers a different set of "cross-cutting priorities" that frame much of the discussion.
- Virtually no discussion of costs.

#### Leadership

- Report fails to link OPM's role in the federal government to citizens' quality of life.
- Report avoids the need to explain failures to achieve goals by classifying any results showing improvement over 1998 as "progress" rather than "not met."
- Sole major management challenge discussed involves audits of financial management by the Inspector General's office.
- Since no agency-wide goals fell into the "unmet" category, there were few opportunities to discuss improvement. However, offices within the agency present ideas for new goals and follow-up.

*Performance Report Scorecard: Which Federal Agencies Inform the Public?*  
Mercatus Center at George Mason University ~ [www.mercatus.org](http://www.mercatus.org) ~ 5/3/2000

## Federal Emergency Management Agency (FEMA)

### EVALUATION SUMMARY

|                  |           |                                         |
|------------------|-----------|-----------------------------------------|
| Transparency:    | 7         |                                         |
| Public Benefits: | 10        | Min. score per category = 4 (Max. = 20) |
| Leadership:      | 8         | Min. total score = 12 (Max. = 60)       |
| <b>TOTAL:</b>    | <b>25</b> |                                         |

#### Transparency

- Report could not be found on FEMA's web site.
- Opening section reads well and sets a great tone. Main section documenting performance is loaded with "insider-speak" and looks like an internal planning document.
- No sources are given and no explanations offered for how data are obtained and verified.
- Baselines were referred to but not displayed.

#### Public Benefits

- The three agency-wide goals are results. Objectives falling under those goals are a mix of results and activities.
- Some measures were activities; others were results.
- Anecdotes and the nature of many performance indicators suggest that FEMA's activities have an impact on measured performance.
- Costs rarely discussed.

#### Leadership

- Director James Lee Witt's letter and the highlights section make a case that FEMA's major activities benefit the American people. More specific result measures are often not closely linked, though in some cases it is intuitively obvious that an improvement in a measure would translate into better quality of life.
- Failures to achieve goals are usually explained, but exceedingly briefly.
- No major management challenges identified.
- Occasional, overly brief mentions of changes proposed to improve performance next year.

## Nuclear Regulatory Commission (NRC)

### EVALUATION SUMMARY

|                  |           |                                         |
|------------------|-----------|-----------------------------------------|
| Transparency:    | 8         |                                         |
| Public Benefits: | 10        | Min. score per category = 4 (Max. = 20) |
| Leadership:      | 7         | Min. total score = 12 (Max. = 60)       |
| <b>TOTAL:</b>    | <b>25</b> |                                         |

#### Transparency

- Report was not found at the NRC website and was somewhat difficult to obtain.
- Several miscellaneous documents inserted at the front of the report added confusion.
- With the exception of Abnormal Occurrence reports, NRC's lack of discussion of data quality is disappointing in light of the potential public safety ramifications of inaccurate data.
- Few trends/baselines were provided, and most of these were zeroes (not meaningful).

#### Public Benefits

- All four strategic goals are result-based, and most performance goals are results.
- Most measures are results-based.
- No case is made that NRC actions help achieve the enunciated goals.
- No discussion of costs.

#### Leadership

- No explanation of how the NRC makes this country a better place to live – despite an obvious opportunity to do so.
- The commission guaranteed that few failures would be reported by selecting “no increase” in hazards and “zero disasters” as its most common goals.
- Major management challenges are not identified.
- An appendix on program evaluations and self-assessments has some interesting ideas for future improvements.

## Department of State (State)

### EVALUATION SUMMARY

|                  |           |                                         |
|------------------|-----------|-----------------------------------------|
| Transparency:    | 8         |                                         |
| Public Benefits: | 10        | Min. score per category = 4 (Max. = 20) |
| Leadership:      | 7         | Min. total score = 12 (Max. = 60)       |
| <b>TOTAL:</b>    | <b>25</b> |                                         |

#### Transparency

- Report could not be found on the department's web site.
- Most real information is buried in an "Annex" that is complex and larded with unexplained acronyms.
- Sources were given for all indicators, but often in acronyms only decipherable by insiders.
- Baselines were usually established as written descriptions for which it is impossible to imagine trends.

#### Public Benefits

- Most strategic goals are result-based. Except for the Diplomatic Readiness area, performance goals are all activities.
- Measures are a mix of activities and results.
- Data in report fail to demonstrate a particular level of performance, or whether that performance has actually furthered departmental goals.
- No discussion of links between results and costs.

#### Leadership

- Definition of U.S. interests and articulation of strategic goals are good enough to help Americans understand why the department exists.
- No adequate explanations of failures to achieve targets.
- Little discussion of major management challenges, except in Diplomatic Readiness section.
- No discussion of future plans or improvements.

## Department of Health and Human Services (HHS)

### EVALUATION SUMMARY

|                  |           |                                         |
|------------------|-----------|-----------------------------------------|
| Transparency:    | 8         |                                         |
| Public Benefits: | 8         | Min. score per category = 4 (Max. = 20) |
| Leadership:      | 8         | Min. total score = 12 (Max. = 60)       |
| <b>TOTAL:</b>    | <b>24</b> |                                         |

#### Transparency

- Document on HHS web site is labeled "FY 2001 Performance Plan and Performance Report Summary."
- Complete information on 750 performance measures can only be obtained by going to other documents.
- This report was written for insiders. 10-15 percent of the report was incomprehensible to a Mercatus reviewer who has 15 years of experience in policy analysis.
- No data sources or verification methods were mentioned, and the report indicates that HHS has little confidence in its own data.
- Some baseline data were provided, but time periods used as baselines varied widely.

#### Public Benefits

- Most of HHS's strategic goals are clear, positive and results-oriented. But program initiatives state vaguely what efforts support the initiative and don't even establish goals.
- Almost all measures are activities.
- Report draws no conclusion about success in a single program area or for any of the department's strategic goals.
- Virtually no discussion of link between results and costs.

#### Leadership

- Link from HHS activities to quality of life is not well documented.
- Failures to achieve targets were not really explained.
- Various major management challenges were briefly addressed by assertions that the problem had been fixed or that HHS was looking into it.
- New goals were discussed throughout the report, but none seemed to indicate departure from traditional practices.

## Department of Justice (DOJ)

### EVALUATION SUMMARY

|                  |           |                                         |
|------------------|-----------|-----------------------------------------|
| Transparency:    | 8         |                                         |
| Public Benefits: | 5         | Min. score per category = 4 (Max. = 20) |
| Leadership:      | 10        | Min. total score = 12 (Max. = 60)       |
| <b>TOTAL:</b>    | <b>23</b> |                                         |

#### Transparency

- Report is posted on web site but hard to find, because it is labeled "Fiscal Year 1999 Annual Accountability Report" (instead of performance report).
- Tedious reading with lots of insufficiently explained acronyms and tables.
- All data sources are acronyms indicating internal databases, with no discussion of verification.
- For most indicators, '97 and '98 data are supplied. In some cases, though, the trend is not clear, so additional data and/or discussion are needed.

#### Public Benefits

- Strategic goals for two functions are result-based.
- All but a few indicators track internal activities, such as prosecutions, training, investigations, sales of seized property, prisoners or victims assisted and reinvention labs sponsored.
- Even after reading this report, one has no idea how much of an impact DOJ had on the problems it is trying to solve or whether they are more or less effective than they were a year ago.
- There is no reference to any cost-benefit analysis for any of the activities described in the report.

#### Leadership

- The report is focused inward – not on Americans' safety, freedom and access to dispute resolution, but on "the diverse activities and major accomplishments of" the DOJ.
- Most failures to meet targets are characterized as "insignificant" shortfalls.
- Numerous management challenges were addressed throughout this report. Highlight of DOJ prosecutor and civil litigator misconduct investigations by the Office of the Inspector General is commendable.
- Some changes are proposed for individual programs, but there is no innovation in the big picture.

## Department of Agriculture (USDA)

### EVALUATION SUMMARY

|                  |           |                                         |
|------------------|-----------|-----------------------------------------|
| Transparency:    | 7         |                                         |
| Public Benefits: | 9         | Min. score per category = 4 (Max. = 20) |
| Leadership:      | 6         | Min. total score = 12 (Max. = 60)       |
| <b>TOTAL:</b>    | <b>22</b> |                                         |

#### Transparency

- Report was not on the web and not easily obtained.
- Consists of more than 600 pages of technical, acronym-laden discussion.
- Overall, information on data sources was inadequate and little confidence in accuracy was expressed or implied.
- The only decent data on trends were presented in highly technical reports on individual agency goals.

#### Public Benefits

- Half of the departmental strategic goals are results. Treatment of goals at lower levels is not consistent.
- Majority of measures are activities.
- Descriptions of activity with no conclusive evidence of success for any single program offer the reader no chance of determining whether any of them (alone or in combination) resulted in achievement of the department's goals.
- Prominent displays of "USDA Resources Dedicated to this Goal" in both dollars and staff years at the very beginning of discussions on each of the department's three basic goals is a good start. This should be extended to components and depicted at each level.

#### Leadership

- Instead of explaining how it makes the U.S. a better place to live, USDA serves up a litany of programs with little unifying vision.
- USDA appears to consider its results disappointing but offers no explanation of why.
- Management challenges are mentioned, but not discussed very thoroughly.
- Report identifies many things that should be changed, then declines to offer ideas for improvement.

## Department of Commerce (DOC)

### EVALUATION SUMMARY

|                  |           |                                         |
|------------------|-----------|-----------------------------------------|
| Transparency:    | 11        |                                         |
| Public Benefits: | 6         | Min. score per category = 4 (Max. = 20) |
| Leadership:      | 5         | Min. total score = 12 (Max. = 60)       |
| <b>TOTAL:</b>    | <b>22</b> |                                         |

#### Transparency

- Report is on the web, but hard to find.
- Slim chance that many people will read its 180 pages laden with undefined acronyms, technical jargon, and poorly designed tables.
- Discussion of verification and validation for each measure includes source, frequency, baseline, form of storage and method of verification.
- Most measures are new, so no trends are shown prior to 1998.

#### Public Benefits

- Mixture of result and activity goals.
- All measures are activity-based except for Economics and Statistics Administration and National Oceanic and Atmospheric Administration.
- No demonstration that the departments' activities further its goals -- largely because there is no attempt to integrate goals of 10 different bureaus.
- Results were not linked to costs.

#### Leadership

- No vision or explanation of how the department improves Americans' quality of life.
- Avoided classifying anything as a failure by defining a goal as "met" if performance came within 10 percent of the target level and "substantially met" if performance exceeded 67 percent of the target level.
- Solutions to major management problems are listed but not explained.
- Report is entirely backward looking.

## National Science Foundation (NSF)

### EVALUATION SUMMARY

|                  |           |                                         |
|------------------|-----------|-----------------------------------------|
| Transparency:    | 9         |                                         |
| Public Benefits: | 7         | Min. score per category = 4 (Max. = 20) |
| Leadership:      | 5         | Min. total score = 12 (Max. = 60)       |
| <b>TOTAL:</b>    | <b>21</b> |                                         |

#### Transparency

- Report is on the web and relatively easy to locate.
- Organization and formatting are thoroughly confusing.
- Evaluation through external review could be a strong point, but not enough information is furnished for readers to evaluate the quality of the process.
- No attempt to compare results to those for previous years or establish any type of baseline.

#### Public Benefits

- Relatively few goals focus on results.
- Committee pass/fail votes on vaguely defined goal attainment do not qualify as measures. The few measures appearing in this report are of activities.
- There are just a few good examples suggesting that NSF makes a difference in citizens' lives.
- Results are not linked to costs.

#### Leadership

- The report frequently asserts that scientific discovery is important to our lives, promises to show this, and then doesn't.
- The problem of coping with failure was largely avoided by restricting evaluations to "successful" or "marginally effective."
- Major management challenges were not discussed.
- The choices NSF made in establishing goals and measures virtually preclude use of the information to identify opportunities for improvement.

Mr. HORN. Thank you.

We have a vote on the floor now, so we are going to have to recess for 20 minutes. I think it is just one vote but why don't you all have a cup of coffee. Just go down to the basement and you can get plenty of coffee.

We will be recess until at least 11:05 a.m.

[Recess.]

Mr. HORN. The committee will come to order.

We will now continue with the last presenter, Ellen Taylor, policy analyst, OMB Watch. You might just tell us in a couple of sentences what OMB Watch is. This is your chance to plug it.

Included that because I was afraid no one would know.

Ms. TAYLOR. Thank you for this opportunity to testify. For those who don't know, OMB Watch is a nonprofit, research and advocacy organization that seeks to promote greater government accountability and citizen participation.

For the past 3 years, we have actively sought to increase the participation of nonprofits as one kind of stakeholder under GPRA in the implementation of the act. I believe this work, including our lack of success in persuading nonprofits of the importance of GPRA, and our reflection on that, gives us a unique perspective from the others presented here. I hope it will be useful in these deliberations.

This has already been said a number of times but it is very important that Congress and the executive agencies work together in a constructive way to accomplish GPRA. Second, Congress should mandate stakeholder involvement in the performance planning process, encouraging the active solicitation of comments on performance measures and ensuring that agencies have adequate resources to obtain outside comments.

It is already part of the law that stakeholders must be involved during the strategic planning stage, but we would argue that the performance planning stage is the real meat and potatoes of GPRA and it needs outside involvement, and it needs involvement of State and local grantees who are involved in Federal programs.

Third, Federal agencies must make greater use of the Internet to make data and performance measurement transparent and accessible to the public. I would suggest this kind of public exposure can actually help improve the quality of the data and mitigate some of the problems in data and in benchmarking.

There is no doubt that GPRA is an important tool and yet we remain skeptical about whether it can achieve the purposes for which it was made into law. These three changes may help GPRA to strengthen government accountability and enhance public trust. I would like to look more closely at our recommendations.

First, GPRA's success depends on government's commitment to it. Otherwise, it will simply become another kind of exercise in a long series. Government agencies we have seen are taking GPRA very seriously and they are taking it not as just another paperwork exercise, but as a real potential to do things differently, and to do things better.

This can only happen with a concerted and constructive involvement of Congress, not as an antagonist but as a partner. In this regard, we encourage congressional committees to exercise their

oversight authority but we would caution if that oversight is done in the context of partisanship or as a way to wage ideological battles, it will be detrimental. We should always remember that GPRA is about improving government and performance, not about downsizing or not about privatizing, or not about bean counting.

While we recognize one of the distinguishing features of GPRA is its linkage to the budget, we also think it is important to realize that it is not a panacea for difficult budget decisions. Performance measurement may be a helpful tool in determining resource allocations but quantifiable measures of performance will never be enough.

Finally, we think Congress has a golden opportunity here not only to emphasize the problems in government but to highlight those government programs that do work, that are effective and accomplish goals for citizens. Recent studies have shown that citizens rate government almost on a par with private services. Yet, mistrust of government as a whole is still a problem. We think one way of overcoming that is to start focusing on the successes of GPRA and not just on the failures.

Our second recommendation is stakeholder involvement in performance planning. While we know the public can't become privy to Federal budget decisions, the performance plans are too important to disallow public engagement on the selection of benchmarks and performance measures. Performance information can be pulled out of the budget submissions and made available to stakeholders without impinging on the privileged nature of the budget.

Finally, agencies need to use the Internet to make their GPRA plans and reports available but also to provide the public with the underlying data and the information used in their plans to measure performance. We believe that public exposure and input can positively affect the quality of that data.

For example, even though the EPA never identifies specific amounts of reduction in emission of toxic chemicals, the public accessibility of their toxics release inventory helped to create an amazing 45 percent reduction in toxic emissions it was easy to find, easy to access.

To conclude, frankly, we don't know whether the Results Act has achieved results during the past 7 years. We have doubts but we remain hopeful. GPRA was not meant to be perfect in the first go around and this really has been the first go around. We think it may succeed in its purposes if there is meaningful stakeholder involvement in the performance plans, including that of Federal grantees, if underlying data as well as plans and reports are publicly accessible and open and transparent, and if Congress will work in a constructive partnership with agencies to achieve GPRA's potential.

Thank you for allowing me to speak.

[The prepared statement of Ms. Taylor follows:]

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OMB WATCH

Statement of

**Ellen Taylor**  
**Policy Analyst**  
**OMB WATCH**

Before the Senate Committee on Government Reform and Oversight  
 Subcommittee on Government Management, Information and Technology

On

**"Seven Years of GPRA: Has the Results Act Provided Results?"**

July 20, 2000

Mr. Chairman and members of the Subcommittee, thank you for the opportunity to submit testimony on the implementation of the Government Performance and Results Act.

My name is Ellen Taylor, and I am a policy analyst at OMB Watch, a nonprofit research and advocacy organization that seeks to promote government accountability and citizen participation. For the past three years, OMB Watch has actively sought to increase the participation of nonprofit groups in the implementation of GPRA. In that effort, we conducted surveys of nonprofits, executive agencies, and congressional staff, and hosted meetings, especially in the environmental area, to monitor implementation and opportunities for nonprofit involvement. We also maintain an email list, involving hundreds of people, to discuss issues surrounding GPRA. Based on our work—and especially our lack of success in involving nonprofits in the implementation of GPRA—the following are some specific thoughts and suggestions about the future of GPRA.

First off, we applaud you for holding this hearing. Considering GPRA's promise for strengthening government, there have been too few such hearings. Without the concerted and constructive involvement of Congress (particularly through oversight), GPRA cannot live up to its potential, and is in danger of becoming just another bureaucratic paper exercise in the long history of government reform efforts.

To make sure that doesn't happen, our recommendations are threefold: 1) Congress should mandate stakeholder involvement in the performance planning process and encourage active solicitation of comments on performance measures; 2) federal agencies must make greater use of the Internet to make data and performance measures publicly accessible to strengthen transparency and accountability in government; and, 3) Congress and Executive agencies must work together in partnership to create an environment within which agencies can effectively implement GPRA.

There is no doubt that GPRA can be a powerful tool. We believe these three changes may help GPRA to strengthen government accountability and to enhance public trust in its functions by highlighting government's achievements.

## I. CONTEXT OF THE GOVERNMENT PERFORMANCE AND RESULTS ACT

- **GPRA's success depends on government's commitment to it.** It is important to keep in mind that, historically, GPRA is but one in a series of government reform efforts, extending back to before the Hoover Commission and continuing today. Each Administration and many Congresses like to put their particular stamp of reform on government. As a result, there is often a lack of consistency and commitment to a particular reform effort. Over the years, the civil servants of government have been skeptical of reform because of this. As Steven Kellman describes in this month's *Government Executive* magazine, reform efforts simply become another "drill."

Paul Light, in his book, *The Tides of Reform, Making Government Work 1945-1995*,<sup>1</sup> lists twelve pages of laws enacted by Congress with the purpose of improving government operations. Paul Posner also discussed past initiatives to make government more effective at length in the GAO report, *Performance Budgeting: Past Initiatives Offer Insights for GPRA Implementation*.<sup>2</sup> GPRA has some important differences from the efforts that went before it, but it cannot be divorced from them. If GPRA is to succeed and not become yet another partially successful, or failed, or abandoned effort — Congress and the Executive Branch, in partnership, must build on past efforts as we move to a new Administration and devote time and resources to the full implementation of GPRA.

- **Satisfaction with government services is nearly on par with private sector services, but trust in government is low, albeit rising.** Curiously, satisfaction with the performance of specific government services is measurably improving, while overall trust in government is only slightly increasing (but overall remains low). This makes for a confusing context for an effort aimed at improving public confidence in the capacity of the federal government in terms of performance and results.

It seems that performance, measured as efficiency and customer service, are not the whole story. A Pew Research Center Survey, "Performance and Purpose; Constituents Rate Government Agencies," released in April 2000, studied five federal agencies and found that citizens gave high marks to these agencies' performance but that judgments about government "rely as much on attitude about an agency's *purpose* as on evaluations of its performance." They also noted only a slow rise in overall trust in government in February 2000 from 1992, still not rising to the level of trust exhibited in 1988.

The American Customer Satisfaction Index, released in December 1999, rated customer satisfaction with government as compared to customer satisfaction in the private sector, finding that the public sector is on par with the private sector.<sup>3</sup> (Public services had a range of 51 to 87 on a 0-100 scale, with a weighted aggregate score of 68.6; private services had a range of 53 to 86 with a weighted aggregate score of 73.) ACSI also noted that trust in government is not the result of customer satisfaction with government;

<sup>1</sup> 1997, Yale University

<sup>2</sup> March 1997, GAO/AIMD-97-46

<sup>3</sup> The ACSI is produced by the National Quality Research Center, University of Michigan Business School, led by Professor Claes Fornell

rather since we don't trust government, we are so pleased when it does something well that we accord it higher ratings.

Our own focus groups, conducted by Lake, Snell, Perry and Associates, found great interest in investing in our future during this period of economic prosperity. Voters identified issues and programs run by the federal government as examples of investments that should be made. At the same time they negatively described politicians and bureaucracy, which rubs off on government in general. This is not surprising since we frequently see news stories concentrate on "waste, fraud and abuse" in government programs, while rarely does the media report success stories.

For the purposes of evaluating GPRA, improving the performance of agencies and showing results may not, in fact, lead to increased citizen confidence in government as a whole. But, then again, it may help. The fact is that improved performance and measurable results are not the whole picture, and the context of citizen satisfaction with government services within an overall mistrust or ambivalence about government must be recognized. We recommend that Congress focus on the successes of government programs and agencies, which are many, and on the ways that services are improving, rather than maintain a focus on failures.

- **Although GPRA was conceived as a tool to strengthen government performance, it has increasingly been used as a partisan tool to push ideological perspectives.** GPRA was passed on a bipartisan basis with the hope that improving government performance would strengthen government and make it more accountable to the public. Unfortunately, as GPRA implementation proceeded some have used it to advance ideological goals—for example, to privatize, to downsize, or to cut agency budgets. If the goal of good government performance is put in the same hopper with political rhetoric and partisan polarization, there is no possibility that GPRA will be anything more than another failed attempt at government reform. GPRA should be about government performance.

Nor was GPRA intended to be perfect in the beginning. The full implementation of GPRA was conceived as an iterative process. It will take time to get it right. While constructive criticism is necessary and important during the learning stage, it should not be framed as agency bashing, or as evidence that GPRA cannot ever achieve the goals for which it was designed.

There must be an improved dialogue between Congress and Executive Branch agencies as partners in this process. A partnership between Congress and agencies, with the goal of improving performance, should ensure more meaningful and ambitious performance measures that improve as time passes.

Another problem that we see with the implementation of GPRA is that while agencies are faced with GPRA requirements, such as developing performance measures and identifying performance baselines, they are simultaneously required to conform to the provisions of other laws that may conflict with GPRA. For example, the Paperwork Reduction Act, which mandates a reduction in paperwork burden, is at odds with GPRA's mandate to collect data to verify and validate performance. To satisfactorily address performance, it may be necessary to collect new data. Another example: While agencies are required to consult with stakeholders, at least some feel that it would be

too expensive since they think they are required to comply with the Federal Advisory Committee Act, which costs money.

Agencies must be given the resources to meet GPRA requirements without undue burdens. Congress has not raised or considered the difficulties that agencies have in fully implementing GPRA without being given any additional resources to do so. This has affected not only the ability of agencies to meaningfully involve stakeholders, but more broadly, the ability of agencies to accomplish the fundamental tasks of GPRA.

Finally, GPRA will not provide a magical solution to difficult budget decisions. The use of GPRA and its performance reports in making budget decisions puts agencies in a precarious position. It could easily lead to performance goals that are set so low that meeting them will be a given, rather than setting goals that are high and striving to achieve them, and sometimes failing. If failure to achieve goals is used as a reason to cut budgets, the only performance report will be a good performance report, yet it will be meaningless in terms of the original purpose. Does bad performance always mean that a program's budget should be cut? Or might it mean that the program was operating with too little money to be effective? Does good performance automatically deserve more money? Or, might it indicate that an agency could, in fact, perform as well with a little less money?

We recognize that one of the distinguishing and powerful features of GPRA is its linkage to the budget, but this is also a complicated matter and does not guarantee better budgetary decisions. While some have argued for a greater linkage between performance and resources, our point is that performance measurement may be a helpful tool, but quantified measures of performance will never reveal the whole story. Program performance should be just one of several factors influencing budgets. Congress will still be faced with difficult political decisions.

## II. REACTIONS TO THE GOVERNMENT PERFORMANCE AND RESULTS ACT

- **There is considerable uncertainty about whether GPRA is working or not.** There is no doubt that agencies are treating GPRA seriously. Lots of hard work has been put into agency strategic and performance plans. But what are they measuring? Are they using the correct measures? And is it appropriate to place such a heavy emphasis on quantitative measures?

There are government activities that do not lend themselves to quantification. To assess the performance of Head Start, for instance, in any substantive way is a complex undertaking and requires a deep understanding of the program. How do you measure the improved well being of children who participate in Head Start? While qualitative measures are allowed, the emphasis is on quantifying performance. Other tools for measuring results, besides numbers, need to be tested and used. There is also a concern the emphasis on specific and quantifiable outcomes in GPRA could lead to a shift away from broader values and concerns that could have detrimental effects on the environment, health and safety, and consumers. For instance, Public Citizen issued a report in September 1999 finding a decline in OSHA workplace inspections. That decline was not linked directly to regulations under GPRA—rather to the "Reinventing Government" program—but it is an example of the potential negative effects that efforts to make a program more efficient by emphasizing measurable outcomes might have.

Quantifiable results have a place, but should by no means be the only or even primary way of measuring results under GPRA.

So far, GPRA generally has not provided meaningful information on the quality of government programs. Instead, the emphasis has been on efficiency and measurable results. Unfortunately, those may run roughshod over important values of equity and effectiveness.

Moreover, program performance, in many cases, cannot be reduced to annual reports. Program evaluation is a complex process that takes many years. Head Start, if measured on an annual basis during its early years, may not have been perceived to be as successful as the long-term studies have now shown it to be.

The work that the federal government performs may not always be cost-effective and capable of achieving a business model of efficiency, but then again, government is not a business. Government gets the problems that the private sector can't or won't handle.

- **There is not a lot of public awareness about GPRA.** The release of the first performance reports in March 2000 ought to have made headlines. Perhaps what is most striking right now is the remarkable lack of interest in GPRA, except by government agencies and selected congressional committees such as this one.

In our study, Measuring the Measurers: A Nonprofit Assessment of the Government Performance and Results Act, released in December 1998, only 93 of 241 nonprofit respondents said they had even *heard* of GPRA before receiving our survey, in spite of a very high level of awareness of and experience with performance measurement generally. This lack of knowledge about GPRA is supported by the fact that a majority of those on our "government performance" email list are from government agencies and departments. We have consistently noted that government, not the public, shows the greatest interest in GPRA.

In June 1999, we did a survey of congressional staff, who should be at the heart of the GPRA process, and sent out over 200 questionnaires, followed up with at least one phone call, and had a return rate of only eleven responses. Neither the public, nor Congress (except for the General Accounting Office, which has shown sustained effort in following and commenting on GPRA), seems involved in GPRA. On the other hand, agencies have been spending a lot of time and effort to fulfill the requirements of GPRA. One respondent from the Food and Nutrition Service said that the agency had gone through a sea change—from thinking of GPRA as another reporting requirement, to seeing it as something useful and trying to integrate GPRA as a management tool, a plan for priorities, and a way of measuring performance. But if agencies are the only entities taking GPRA seriously, it cannot succeed.

### III. RECOMMENDATIONS

- **There must be meaningful participation of stakeholders in the development of performance measures.** There is no requirement in GPRA that stakeholders be consulted in what is, perhaps, the real meat and potatoes of GPRA—the development of performance goals and measures. While the law requires agencies to consult with stakeholders on strategic plans, no such requirement exists for performance plans. The

process of actually implementing GPRA—deciding what must be measured to show results and developing valid and verifiable methods of measurement—is not open to public participation. While we understand that the public cannot be privy to federal budget deliberations, the performance plans are simply too important to disallow public engagement on the selection of benchmarks and performance measures. We think that the only way measures can be verified and validated and yield useful results is with public engagement and participation. Developing measures and indicators at the performance plan level must be accomplished with stakeholder involvement.

Not only should GPRA be amended to require stakeholder participation in preparation of the performance plan, but also agencies must affirmatively reach out to a variety of stakeholders to get their input. This is especially true with federal grantees and state and local governments who are partners in the process and who will be directly affected by federal action.

- **GPRA reports need to be more easily accessible to the public and written in ways that are understandable by the public.** While most (but not all) agencies do put their GPRA plans and reports on their websites, they are frequently difficult to locate. Even if they are found, many of the reports are not particularly helpful to laypersons. For example, they are sometimes laden with acronyms and jargon that is impossible for anyone outside government to understand. Because of the value of stakeholder participation in the GPRA implementation, it is vital that the reports be accessible and comprehensible to the public, and organized in ways that make sense. Information should be reported in a way that makes sense to people—whether by watershed, or congressional district, or state, local or regional divisions. Public accountability can have a positive effect on performance, and can shift some of the burden of improving standards to outside the agency. OMB Watch has long worked towards the goal that government information should be transparent—intelligible and useful to citizens. GPRA reports should not be an exception.
- **The public must have access not only to the plans and reports, but also to the information used to determine performance measures.** A key element of GPRA is that performance must be verified and validated. Generally, this has been interpreted as an effort to get the agencies to report on meeting their performance objectives and measures. However, making the underlying data used to benchmark performance publicly accessible would be a great boost in verifying and validating agency actions. The data need not be perfect—it is recognized that there are areas where agencies lack the baselines and historical data to measure improvement. There are some who would argue that the problems with data quality suggest that the information should not be disclosed. Our experience runs counter to that. As agencies disclose information, the quality of the data improves. Public exposure and input can actually positively affect the quality of the data.

In fact, the performance report ought to be an annual report containing or linking to all of the underlying data used by an agency that is relevant to its goals and objectives, so that the public can easily locate, understand, and analyze that information.

The availability of information itself can be a powerful force for results. Citizen participation through nonprofit input can be a valuable means of verifying and validating. Nonprofits should be able to go to an agency and say, "this is the way you should be

doing measures,” but they can only do this if the underlying information is available. GPRA can, in fact, achieve a public right-to-know purpose promoting a whole new level of accountability.

- **If the government is successful in meeting the public's right-to-know, then it is conceivable that agency performance measures will be bypassed by public demand for accountability.** Although EPA never identified specific amounts of reduction in emission of toxic chemicals, the public accessibility of the Toxics Release Inventory helped to create a 45 percent decline in the release of those chemicals.<sup>4</sup> The point is that if the government makes information available in formats that are easy to find and use, such activity alone may force greater accountability and performance. We are not suggesting that a comprehensive right-to-know agenda is a replacement for GPRA, regulatory enforcement, or other mechanisms of government. But it can be a shot in the arm in building a public connection to government and confidence in the work of our federal agencies.

OMB Watch has been developing a platform for strengthening public accessibility to government information. The platform provides specific recommendations for EPA in their efforts to promote the public's right-to-know. If this Committee would like a copy of the platform when it is completed, we would be happy to provide it.

- **We support a greater partnership between Congress and the Executive Branch.** We encourage Congress to continue requesting and using research and analyses by the General Accounting Office, since GOA reports have been some of the most informative and useful sources of information about GPRA. In addition, we encourage Congressional Committees to exercise their oversight authority. We say this with a certain amount of trepidation, because if oversight is done in a context of partisanship and ideological goals, it will be detrimental to the implementation of GPRA. However, if oversight were done in a spirit of partnership and cooperation, it would be a powerful force toward achieving the goal of improved government. Congress also has the ability through oversight not only to examine problems in government, but also to highlight those government programs and services that work, are effective, and accomplish important goals. This could have a huge impact on public trust, which, as previously discussed, does not always go hand in hand with improved performance.

#### IV. CONCLUSION

In sum, we remain skeptical about GPRA, while recognizing its great potential as a useful tool to strengthen the operation of government. However, we remain dubious that GPRA can achieve

<sup>4</sup> "United States Environmental Protection Agency, "1998 Toxics Release Inventory (TRI) Data Summary," EPA-745-S-00-001, May 2000, 4. This figure reflects only on- and off-site releases of chemicals for which industry disclosed releases under the Toxic Release Inventory program. The figure does not include transfers to processing and handling facilities for incineration or other disposal. Now including over 600 chemicals, the TRI program originally only included approximately 300 chemicals. Further, the bulk of the decline in releases is attributable to a decline in on-site releases from 1988 to 1998. While off-site releases declined for several years, they have jumped in recent years and increased overall between 1988 and 1998 by 2.0 million pounds, or 0.5 percent. On-site releases include those direct releases to the air, land and water that occur on the property of the facility and include releases such as occur through smokestacks, evaporation, wastewater discharges, and releases underground. In addition to releasing chemicals on-site, facilities can also discharge a toxic chemical to the environment by transferring waste to another location to be released to the environment. Finally, facilities can recapture waste and reuse the chemicals in the production process.

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this potential. For this to happen, there must be: 1) greater transparency around the plans and reports, including the measures and the data used to show results; 2) greater public and stakeholder involvement in the process of implementation, in both the strategic planning and performance aspects of GPRA; and, 3) perhaps most important, greater positive cooperation between Congress and Executive agencies in using GPRA wisely and well. We hope this hearing marks a step in that direction,

Thank you again for the opportunity to testify.

Mr. HORN. We appreciate your presentation and we are now going to go to questions. It will be 5 minutes for each and we will alternate between myself and Mr. Turner.

Let me start with you, Ms. Taylor. I would be interested, based on your analysis, in what are the three top Federal departments and agencies that have successfully implemented the Results Act, if you were asked that question, which you just have been, what would you say?

Ms. TAYLOR. I think I would hedge. I think maybe that is the wrong way to go about it, trying to identify the agencies that have done the best.

Mr. HORN. We need some role models in this work.

Ms. TAYLOR. Right. I think we should pick out parts of each agency's plans that meet the mark and use those as examples so other agencies with similar programs or for whom that information could be transferred.

Mr. HORN. Give me an agency where they have something that has really made a difference in terms of using the Results Act.

Ms. TAYLOR. I haven't read the results reports carefully so I am really at a loss to try to specifically give an agency. I think my example of the EPA and the toxics release inventory is an example of an agency who made information available and accessible and through that, allows the public to start urging accountability which aids the agency ultimately in their performance. I am sorry to be vague.

Mr. HORN. Do you have any evidence that they have used measurements that would apply to other types of environmental problems?

Ms. TAYLOR. I think that approach would be transferrable to other agencies, to other kinds of problems government is trying to solve. I think we all agree that sometimes the data is lacking and the agencies are struggling to come up with the right benchmarking and starting measures to show they have measured performance, so I think the openness of the data so the public can see it and can know what they are starting from and where they are trying to go is really important.

Mr. HORN. Mr. McTigue, what is your answer to that question?

Mr. MCTIGUE. This is an opportunity to make myself very unpopular with a lot of people. The three I would pick I would pick for different reasons. I would pick the Department of Transportation because in my view they are using comprehensively the principles of the Results Act to influence their decisionmaking.

One of the things that impressed me most about the Department of Transportation is that in their internal budget negotiation round, what they do is identify 10 priority areas and other areas of activity and if necessary they have to concede resources to those 10 priorities. Those priorities are set very much on the basis of the outcomes we need to achieve. So I think there is a good example of making comprehensive use of the principles of GPRA.

If I looked at who has been most successful in changing their outcomes, I would say Veterans Health because Veterans Health starting about 5 years ago, moved the emphasis of that entire organization to the imperative of improving the wellness of veterans, and they direct their resources to that particular end goal.

They have some wonderful information that looks at the efficacy of different health procedures inside veterans hospitals and other facilities and how the efficacy of those procedures has significantly improved over time to the point now where they are equal to or better than those procedures in public and private hospitals. That is a dramatic outcome improvement.

If I was to look for the organization where Congress and the American public are getting the greatest benefit in terms of their tax dollars, I would say it is FEMA because today FEMA is doing about 20 percent more for about 25 percent less money in its administrative budget while managing more disasters.

In addition to that, it has also moved to a new and very important focus on mitigation. How can they continually reduce the consequences of a disaster on individuals and communities so that at the same time they are dealing with their base cause, which is helping people get their lives together, after a disaster they are also looking at how they can minimize the impact.

Those would be my three choices but for three very different reasons.

Mr. HORN. What is your suggestion, Mr. Mihm?

Mr. MIHM. One of the advantages of being third is that it gives me time to think. The disadvantage is when someone steals some of the best ideas, so I am going to agree in large measure with what has been said.

I think the Department of Transportation as a department is clearly one of the leaders. That is, when you look across their various modal administrations, you see a lot of leadership from the Coast Guard, National Highway Traffic Safety Administration is certainly one of the leaders in this; FAA, despite a lot of other high risk problems, is beginning to come along as well.

Social Security Administration, I would put as one of the leaders. I think that is a function of two things, one, their experience in doing accountability reports under the Government Management Reform Act led them early to be thinking about how they pull together and talk about what they are doing and accomplishing. I also think it is a function in SSA that a lot of their outcomes are more outputs, making sure the right check gets to the right bank account on the right day. Nevertheless, they have done a fairly sophisticated job in thinking about their goals and presenting them in that regard.

I would also agree with Veterans Health Administration. The chronic disease prevention index that they have has become quite sophisticated looking across a variety of diseases such as: diabetes, obesity, heart disease. It is a quite sophisticated index that they are able to evaluate the performance of VHA generally as well as each of their integrated service centers, and to talk about how they are doing.

We are doing a review at the request of Mr. Burton that is looking at how the performance goals are being drilled into the contracts of senior managers at VHA and elsewhere. So I would put them among the leaders as well.

Mr. HORN. Mr. Gotbaum, I want you to answer the question last because you have the overall view from the executive branch. Then

I will give 10 minutes to Mr. Turner for his questioning because we are obviously going over 5.

Mr. GOTBAUM. I am sure you have run into this dilemma; what do you say when everything has been said but not everyone has said it. I don't disagree with these particular analyses, so what I would like to do is elaborate on a couple of points.

One, Veterans Affairs. The work that was done in Veterans Health has been very impressive. I would note the Department of Veterans Affairs is now taking the next step we talked about, which is that they are trying to both realign their budget accounts so they follow program lines and to modernize their financial systems to take them into account.

I mentioned moving from output measures and asking how good the reports are, to outcome measures, how much is incorporated into management. The Department of Veterans Affairs is really trying to go this next step, for which I personally commend them.

Social Security and NASA are interesting cases because these agencies really were concerned with accountability and were a little slow to develop the skill on the performance side but have clearly gotten it, and gotten it very well. The nice thing is, because they were so concerned with accountability in the first place, each has produced reports that cover both financial accountability and performance. That achieves the goal that you mentioned which we agree is quite important: people want to know what they get and what they pay for with their money.

The last one I want to mention is Education. I want to mention it because of two things. One, the task is hard. A large part of the Department of Education budget is programs in which they send checks to States and local governments who implement their programs. So one of the real tasks and real difficulties for Education is: what is it I measure? What is it I am accountable for? Am I accountable for merely how quickly I send the check or how carefully I review the State agency's plan, or should I be accountable for literacy levels in local jurisdictions?

In my view, one of the impressive and honest things in the Department of Education's accountability report is how clear they are that they are keeping track of both but they haven't yet figured out what is the best tie between their activities and final results. I commend them, partly because they have improved dramatically over the last year, and partly because they are honest about the linkage question which is, for those of us in the Federal Government, really very important.

Mr. HORN. Thank you very much.

Ten minutes of questioning to the gentleman from Texas, Mr. Turner.

Mr. TURNER. One of the areas I want to spend a little time with each is discussing the role of the Congress and the committees in successful implementation of the Results Act. I want to do that because I think when we look honestly at the origin of this legislation, it did begin as a bipartisan effort.

As I recall, Mr. Conyers and Mr. Clinger were the co-sponsors in the House and Senator Roth was the sponsor in the Senate. I frankly believe the success of GPRA not only will lie with the ability of the agency managers to put GPRA and the performance

measures in place and to properly evaluate them, but it is going to depend on the ability of Congress to carry out its role in GPRA.

I think we need to jealously guard the bipartisan nature of this legislation. Frankly, I really think it is not only important to jealously guard it to ensure its success, I think it is probably poor politics to do otherwise because if you make an effort to make efficiency and effectiveness of government a partisan issue, it is like trying to make motherhood a partisan issue. I don't think the public is going to buy into it. I think they understand both sides of aisle believe in efficiency and effectiveness in government.

I think if we can ensure the Congress approaches this legislation in that manner, I think we have the hope of its ultimate success. If we fail to do that, I think we sow the seeds of its destruction.

In keeping with those thoughts, I want to first ask a question perhaps of any of you who would like to respond. I think I might want to start with Mr. Mihm.

One of the key things we all know ultimately GPRA is all about, as I think Mr. McTigue expressed in his testimony, is that Congress should be able not just to see government agencies manage activities and then hope for results, but as you said in your testimony, GPRA makes it possible for Congress to choose to do only those programs that will produce results.

With that concept, we will change the way the Congress conducts oversight and review of our agencies. So what I would like to do even though I acknowledge GPRA is in its infancy and this is only the first year, even though passed in 1993, of full implementation, I would like you all to give me an example, if you have one, of where the Congress has made a decision, based on your observations of the work of the committees, to either fund or not fund a program based upon the Results Act and the information flowing from a given agency produced by the Results Act.

Mr. MIHM. I think we would be hard pressed to point out here is where a budget was increased or decreased because the appropriators saw and said we are doing this because of GPRA.

However, one of the things we need to guard against is setting the bar so high that if someone doesn't say they are doing something because of GPRA, we call the law a failure. In other words, when you take a look at the appropriations committee reports—we have examined committee reports that have come out of the appropriators—there is plenty of language in there that talks about how performance information was being used in their decisions, that talks about the goals and the actual performance of a program.

GPRA is not often mentioned. However, it is very clear where that information that is being used is coming from. It is coming from GPRA plans and products. The point I am making is that while I would be hard pressed to say here is something that happened only because of GPRA, we are seeing the conversation change, more attention to performance information. GPRA is contributing to that environment and so in that sense, we are seeing appropriations decisions are beginning to be influenced or at least colored by a greater attention to performance and performance information.

Mr. TURNER. Mr. Gotbaum, have you seen examples where GPRA results have affected the funding decisions of the Congress?

Mr. GOTBAUM. I believe so. I meant what I said in my testimony. I believe that we have always—we at OMB and the Congress in its deliberations—looked for information about programs. What is it doing? What is it actually accomplishing? GPRA provided the force of law and the process and the language that enhanced that.

I agree and accept Chris' point which is I am not sure I can hand you a case in which I can tell you the chairman of an appropriations subcommittee said, based on the Social Security Administration's performance report, I change their level. I don't think that is the right test.

I think there are lots of cases in which the fact the discussion is based on performance and not on dollars has changed the discussion. Let me mention one. This is one which was controversial.

The President proposed a couple of years ago what we call the Class Size Initiative. He said, I would like to provide funding so that school districts in grades 1 through 3 didn't have to have class sizes larger than 18. This got translated into 100,000 teachers.

I don't mean to raise this so that we can talk about the merits of that particular proposal, but I think it is important that we recognize that was a proposal that was framed not as let us expand the budget of the Department of Education by \$1 billion. That wasn't what he said and that wasn't what the debate was.

He said, let us focus on class size. The interesting thing was the congressional debate then became should we tie Federal dollars to class size or should we work on a more generic block grant. So that is a case in which I think the debate was affected very powerfully by the fact that it was framed in terms of performance measures.

There are to be sure intermediate measures. Class size is not literacy but it is a heck of a long way from the let us just increase the budget of the Department of Education by 10 percent.

I think we all recognize and everyone is conscious of the fact that performance information alone isn't going to take away the need to make choices. The President and Congress are going to have to say, I think we should do more in education versus defense, environment or whatever, but I really do feel and I have watched it in the budget process in case after case after case, the more debate goes toward measures other than dollars, the more focused the debate is and in my view, the better the ultimate decisionmaking.

I am enormously grateful for your point about the bipartisan support for GPRA. We feel that very strongly. My colleague from OMB, Walter Groszyk, although he generally doesn't admit it, helped draft GPRA. We think it is very important that the Congress work on it, work on it aggressively, work on it expansively and work on it in a bipartisan fashion.

Mr. TURNER. Mr. McTigue, do you have any examples you could cite where you have seen Congress or a committee actually make a decision on funding based on results?

Mr. MCTIGUE. The first comment I would make is with all due respect, I think your question is a little bit premature because you are only now seeing the first of the annual reports based on that. Quite frankly, the quality of the reporting at the moment does not provide you with information where you could clearly say we should cancel this activity.

To approximate an answer to your question, I think the principles that probably led to the writing of GPRA in 1993 have certainly been applied by Congress to a number of organizations. If you take the five, in my view, highest performing organizations in government, each and every one of them has been subjected to intense scrutiny by this Congress in the last 10 years.

FEMA was slated by Congress to be wiped out in the early 1990's unless it was able to improve its performance. Today, it is one of the best performing government organizations and meeting the criteria of GPRA. You can say exactly the same thing for the Department of Transportation, for NASA, post the shuttle crash, that intense congressional interest dramatically changed the way in which that organization focused and delivered. You can say exactly the same sort of thing for Veterans Health. I think in those areas Congress has played a very significant role in improving a total organization and its culture.

What could Congress do now? I think there are two things that I believe are very important right now for Congress. You should insist on greater transparency in the reporting that you get from agencies and greater disclosure. That would be very helpful to your role. The second thing is controversial and it is internal and that is Congress should conduct some reform itself. That reform would be that the processes of oversight, authorization and reauthorization should be used as a means of informing the process of appropriation, not commanding it but the knowledge built up in hearings like this should be used to inform whether or not an appropriation is appropriate for this particular program or activity.

Mr. TURNER. Ms. Taylor.

Ms. TAYLOR. I would agree with Mr. McTigue about the fact that we can't use GPRA right now in making budget decisions. It really is too early and I think the important thing Congress should be concentrating on right now is the issue of performance, not to make agencies terrified that they are going to lose their budget because their performance rates are low because we don't want this to lead to performance goals that are so low that an agency can easily meet them and say, look, I met my performance goals.

Rather, they should be striving for higher goals. I think we would all agree. I am just afraid if we directly tie it to the budget at this point, the only performance reports will be good performance reports and yet they won't be meaningful in terms of the act.

Mr. TURNER. I didn't expect any of you really to give me any real concrete examples and frankly only asked the question to make the point that as we look at the agencies and their efforts to implement GPRA, Congress has an equal responsibility to begin to use GPRA. Though the Congress, being the deliberative body and elected by the people, may not always choose to fund programs based on results, it does need to become a part of the culture of the Congress. I frankly think the Congress is a long way from that kind of approach.

I think Mr. McTigue, you put it very well when you suggested that in order to win the confidence of the public and improve the quality of government performance, the scrutiny provided by the Congress must be robust, focused on results, committed to reward-

ing superior activity and equally committed to punishing poor performance.

I am not sure that is really a part of the process, not to say that process would result in the ultimate decision because other considerations may override and maybe appropriately so in certain circumstances. Somehow, as we try to train the managers in the agencies, we in Congress are going to have to be trained as well.

I thank each of you for your comments.

Mr. HORN. Thank you. You and the chairman of the full committee seem to be on the same track. Your questions and his if he were here, wanted to ask the point you had made on what is Congress doing on this.

Let me go back to the reverse of what I was going from Ms. Taylor back to Mr. Gotbaum. Starting with Mr. Gotbaum, please name the Federal departments and agencies that have been unsuccessful in their implementation of the Results Act. Can you give me three or four?

Mr. GOTBAUM. As we have discussed before, usually Mr. Ose asks this question but he always asks it, and I know it is a concern.

Mr. HORN. So you came prepared?

Mr. GOTBAUM. I came prepared with the same response, unfortunately, I gave each of the two times he asked. I think in order for OMB to be effective in its role as supervisor, encourager, combination cheerleader and sanctioner of agency performance, we need to use a combination of public praise and private criticism. So I have to resist the temptation to mention by name any of the agencies that disappoint. There certainly are several agencies whose performance reports look like they haven't taken the time to think through what they are trying to do and whose performance reports look an awful lot like they are describing their programs instead of describing their results and performance.

There are certainly agencies whose performance reports look exactly like their organizational chart and their measures don't appear to have been linked to programs, which obviously is a problem. There are agencies whose performance reports don't include what intermediate output measures, efficiency measures, we think matter. There are plenty of grantmaking agencies that don't include information and don't even collect information on what is the turnaround time from the time a grant is applied for to the time a decision is made, and what is the turnaround time from the time a decision is made to actually delivering the check.

I mention those as shortcomings in a range of agencies reports. I would, with the committee's forbearance, like to avoid naming the names but instead naming the sins because I think the sins are pretty clear.

Mr. HORN. Did you read Mr. McTigue's study on who was ahead and who was behind?

Mr. GOTBAUM. I did.

Mr. HORN. Would you say he gave a fair appraisal there?

Mr. GOTBAUM. I think he gave a fair appraisal of part of the things that we would like to look for. As I mentioned, clarity matters, linkage matters, and those are some of the things that Mr. McTigue's review focused on.

We think there are other things. I view those in this process as outcome measures. What he was doing and was forced to do was evaluate the performance reports. What we are trying to do, we hope, is implement what we think is the outcome of GPRA, which is the extent to which these agencies are developing performance measures and using them in management and budget. For example, I give very high marks to the Department of Veterans Affairs, not just for the fact that they have clear measures in health but, that they are actually trying to realign programs and information systems. For me that is a very substantial task.

That is not something which would necessarily be evident from reading their report. So I would say Mr. McTigue's report is an incomplete measure of what agencies are doing. The fact is that moving beyond reports to implementing this is a harder job and it is a job at which we are still at the initial steps. So his analysis covers most of the things you can see right now.

I wouldn't want it to be seen as the complete measure because the best reports in the world, the clearest reports in the world with the finest measures in the world, if they are not actually used, are just paper. So we hope we in our analysis, and you in your oversight, will not stop at judging the quality of reports, that you will continually ask agencies, "This is great, you got a good report, but what are you doing with this information? Are you managing to it? Are you changing your management systems? Are you changing your information systems? Are you really doing what GPRA was supposed to do?"

Mr. HORN. We went through this with Y2K. Nothing was being done by OMB, period. Nothing was being done by the administration in April 1996. We had to just get them in here and say, what are you doing, started the grading aspect and all that, and that finally shook them up a little. Two Cabinet office friends of mine said keep at it. It is the only way I can get this bureaucracy working. It worked.

I am not a Mr. Fuzzy type. I am anything but that. All I can say is the question has been asked, it should be answered, you are under oath and we want the information. I want to know what are the ones that have not done as good a job as they should have. That ought to help you, unless they cry too much and say, I won't do it. That is nonsense. Tell us which ones aren't producing.

Mr. GOTBAUM. I think that this is a case that is in some respects different from Y2K for a bunch of reasons. Frankly, it is a harder, more complicated job. As I mentioned in my testimony, I think this is a case in which we at OMB have turned on the heat progressively, I would hope progressively more effectively. We started by saying send us reports, then saying send us information but these are, as Mr. Turner mentioned, as Mr. Arney mentioned and Mr. Sessions mentioned, sufficiently early days in that process so that I don't think we can say and I wouldn't pretend that we are there. We are not at the promised land. I kind of think of this in biblical terms as maybe we have crossed the Red Sea but we have a long time in the desert yet.

I really do think that we can be most effective not by dropping the dime on people but by talking about what are the standards we think they should meet, hoping you will agree or disagree.

Mr. HORN. People have had 8 years and you don't say they shouldn't be noted if they haven't produced much after 8 years?

Mr. GOTBAUM. The issue is not whether agencies are producing plans and reports. They are. This is not a case in which any significant agency has just dropped the ball entirely and said, I am not going to implement GPRA. That is not what is going on here.

Every significant agency—we have 100 strategic plans, 100 performance plans, almost 100 performance reports. The issue is a little more subtle than that which is, when you read these things, are they picking measures that are relevant, then getting to the point that Chris mentioned and Ellen mentioned, are they picking measures, are they picking goals that are either too high or too low. We get a lot of that.

I guess if I wanted to be a cheerleader, I could say the good news is we have 100 agencies complying with the law, they are turning out reports but I think and I hope your oversight, like our oversight, goes beyond that and says, are they picking the right measures. We have a huge range. We have agencies like DOT that did pretty well the first time and are doing OK and we have agencies like Education that didn't do so well the first time and SSA that didn't do so well the first time and are getting better, and we have agencies where I think it is clear they have a ways to go in terms of their measures.

If the question is, are they complying with the law, they are complying with the law, but I know our goal and I believe your goal as well is that they do more than comply with the law, that they use the stuff and incorporate it, that they are working on it.

Mr. HORN. Have you got a unit under your control in OMB that is working on types of measurement across the various parts of the executive branch?

Mr. GOTBAUM. We have some efforts and I don't want to mislead the committee. We have some efforts that are cross-cutting efforts. For example, on the procurement side, the Office of Federal Procurement Policy, which is in OMB, developed a set of Government-wide measures for efficacy on the procurement side which they are now putting out which will enable people to benchmark procurement.

On the grant side, partly as a result of pressure under a different law, Public Law 106–107, an act out of this committee, that said review grants. We have set up a process where we are trying to get agencies to come together and talk about where grant programs are on either a common constituency or for a common purpose, how we can simplify and consolidate and measures will be part of that effort.

I can say yes, we are making some efforts in that area.

Mr. HORN. So there is a unit that you can count on in terms of developing measurements for various programs?

Mr. GOTBAUM. Yes.

Mr. HORN. Mr. Mihm, since the witness from the administration refuses to answer the question, will you answer the question and we will follow your advice and have them all in here. Please tell us what you think are the ones that aren't really conforming and have been unsuccessful in implementation.

Mr. MIHM. If I was going to pick out of the 24 CFO Act agencies a handful of agencies having the biggest trouble with this, I would include the Office of Personnel Management, the Department of State and the Small Business Administration.

One of the things that brings the three of them together is that they are agencies that have real challenges to try to determine that critical point of how what they do makes a difference. All of them are really struggling with that.

In the case of OPM and SBA, it is an even larger issue as to their relevance and it is something that is beginning to be raised and questioned. Those are the agencies that are really having a real struggle.

I would agree with one thing Mr. Gotbaum raised and that is there is no agency that has got this entirely licked and no agency that hasn't made improvement over the last couple of years. Everyone is moving and moving in the right direction but clearly there are some agencies that are lagging the rest. I think those three are among them.

Mr. HORN. What do you think is the reason on the three you picked?

Mr. MIHM. I think in part it deals with the difficulty in connecting what they do on a day to day basis to a larger result; in some cases it was because of that difficulty I think senior leadership at the agency was slow to embrace GPRA and understand the seriousness of the Congress. The first couple of annual performance plans from the Department of State, I hope senior management wasn't too involved in putting those together. The most recent one does reflect the use of qualitative goals which is allowed by the Act with OMB's authorization. As a result, you now have a far more sophisticated discussion of what State is trying to achieve and how it will hold itself accountable.

In the case of SBA, we have seen a couple of years in a row where their mission statement is right in the sense that it is based on statute and the goals are now outcome oriented goals. The performance measures for those goals are things like contacts to small businesses, numbers of loans made. This is little connection between those performance measures and the results they are trying to achieve.

In the case of the Office of Personnel Management, there is an agency whose relevance and real fundamental mission is now under question. It is not as though the annual performance plan is going to resolve that but the annual performance plan I don't think gives a real indication of the struggle or how they are trying to work their way out of that.

Mr. HORN. Mr. McTigue, do you agree with Mr. Mihm's OPM, State, SBA? Is that what your study would confirm?

Mr. MCTIGUE. I couldn't actually confirm that. I suspect that what he is saying is correct because we haven't actually conducted a study of who are those organizations that missed their goals by the most. Even that may not be very informative because in the first instance, some organizations set really strict goals and 95 percent of that goal might be very good performance where others set fairly easy goals and 100 percent performance may not be very adequate.

I think we have been able to note what I would call the conglomerate organizations, like Agriculture, Justice and Labor, those that have a huge number of stovepipes have found it more difficult to implement GPRA because there is not a common mission. Some of that is due to mission creep over a long period of time inside the government, so they are doing some odd things that don't really belong in their portfolio.

The other is that it is quite difficult to get a single purpose or an imperative for that organization and they are still battling with what is the imperative that drives us as the Department of Agriculture or the Department of Commerce. I think you will find that is one of the missing factors with those organizations. They are trying but they are finding it more difficult. It's easy to write a mission statement, it is easy to have an imperative if you are NASA, FEMA or Transportation or something like that. It is much more difficult if you are the Department of Agriculture with 78 different stovepipes that you have to account for.

Mr. HORN. Mr. Gotbaum, would you agree with what Mr. Mihm has selected there in terms of the three agencies.

Mr. GOTBAUM. Actually, no, I wouldn't. The State Department has conceded publicly that they were late to the party and that they are now paying more attention, that they have a ways to go and I agree with that.

On SBA and OPM, I guess everything in life is relative but I can't remember personally the OPM report but in the SBA report, they were clearly making efforts to link their programs to results and to benchmark them, so let us just say there are other agencies which as I say I would prefer not to name, that have not, as far as I am concerned, made that attempt, made that basic linkage, whereas SBA I know has and I think OPM too, at least attempted to make the linkage.

So I allow the State example and I would suggest there are some other places that GAO might want to look.

Mr. MIHM. We will take your suggestions off-line.

Mr. HORN. The gentleman from Texas?

Mr. TURNER. Nothing else, Mr. Chairman. Thank you.

Mr. HORN. Thank you very much.

We appreciate your coming. We do expect the answer to that question.

With that, we are in adjournment.

[Whereupon, at 12 p.m., the subcommittee was adjourned.]

[Additional information submitted for the hearing record follows:]

--S.20--

S.20

*One Hundred Third Congress*  
*of the*  
*United States of America*  
*AT THE FIRST SESSION*

Begun and held at the City of Washington on Tuesday,  
the fifth day of January, one thousand nine hundred and ninety-three

An Act

To provide for the establishment of strategic planning and performance measurement  
in the Federal Government, and for other purposes.

*Be it enacted by the Senate and House of Representatives of the United States of America in  
Congress assembled,*

**SECTION 1. SHORT TITLE.**

This Act may be cited as the 'Government Performance and Results Act of 1993'.

**SEC. 2. FINDINGS AND PURPOSES.**

(a) FINDINGS- The Congress finds that--

- (1) waste and inefficiency in Federal programs undermine the confidence of the American people in the Government and reduces the Federal Government's ability to address adequately vital public needs;
- (2) Federal managers are seriously disadvantaged in their efforts to improve program efficiency and effectiveness, because of insufficient articulation of program goals and inadequate information on program performance; and
- (3) congressional policymaking, spending decisions and program oversight are seriously handicapped by insufficient attention to program performance and results.

(b) PURPOSES- The purposes of this Act are to--

- (1) improve the confidence of the American people in the capability of the Federal Government, by systematically holding Federal agencies accountable for achieving program results;

(2) initiate program performance reform with a series of pilot projects in setting program goals, measuring program performance against those goals, and reporting publicly on their progress;

(3) improve Federal program effectiveness and public accountability by promoting a new focus on results, service quality, and customer satisfaction;

(4) help Federal managers improve service delivery, by requiring that they plan for meeting program objectives and by providing them with information about program results and service quality;

(5) improve congressional decisionmaking by providing more objective information on achieving statutory objectives, and on the relative effectiveness and efficiency of Federal programs and spending; and

(6) improve internal management of the Federal Government.

### SEC. 3. STRATEGIC PLANNING.

Chapter 3 of title 5, United States Code, is amended by adding after section 305 the following new section:

#### Sec. 306. Strategic plans

(a) No later than September 30, 1997, the head of each agency shall submit to the Director of the Office of Management and Budget and to the Congress a strategic plan for program activities. Such plan shall contain--

(1) a comprehensive mission statement covering the major functions and operations of the agency;

(2) general goals and objectives, including outcome-related goals and objectives, for the major functions and operations of the agency;

(3) a description of how the goals and objectives are to be achieved, including a description of the operational processes, skills and technology, and the human, capital, information, and other resources required to meet those goals and objectives;

(4) a description of how the performance goals included in the plan required by section 1115(a) of title 31 shall be related to the general goals and objectives in the strategic plan;

(5) an identification of those key factors external to the agency and beyond its control that could significantly affect the achievement of the general goals and objectives; and

(6) a description of the program evaluations used in establishing or revising general goals and objectives, with a schedule for future program evaluations.

(b) The strategic plan shall cover a period of not less than five years forward from the fiscal year in which it is submitted, and shall be updated and revised at least every three years.

(c) The performance plan required by section 1115 of title 31 shall be consistent with the

agency's strategic plan. A performance plan may not be submitted for a fiscal year not covered by a current strategic plan under this section.

'(d) When developing a strategic plan, the agency shall consult with the Congress, and shall solicit and consider the views and suggestions of those entities potentially affected by or interested in such a plan.

'(e) The functions and activities of this section shall be considered to be inherently Governmental functions. The drafting of strategic plans under this section shall be performed only by Federal employees.

'(f) For purposes of this section the term 'agency' means an Executive agency defined under section 105, but does not include the Central Intelligence Agency, the General Accounting Office, the Panama Canal Commission, the United States Postal Service, and the Postal Rate Commission.'

#### **SEC. 4. ANNUAL PERFORMANCE PLANS AND REPORTS.**

(a) BUDGET CONTENTS AND SUBMISSION TO CONGRESS- Section 1105(a) of title 31, United States Code, is amended by adding at the end thereof the following new paragraph:

'(29) beginning with fiscal year 1999, a Federal Government performance plan for the overall budget as provided for under section 1115.'

(b) PERFORMANCE PLANS AND REPORTS- Chapter 11 of title 31, United States Code, is amended by adding after section 1114 the following new sections:

##### **'Sec. 1115. Performance plans**

'(a) In carrying out the provisions of section 1105(a)(29), the Director of the Office of Management and Budget shall require each agency to prepare an annual performance plan covering each program activity set forth in the budget of such agency. Such plan shall--

'(1) establish performance goals to define the level of performance to be achieved by a program activity;

'(2) express such goals in an objective, quantifiable, and measurable form unless authorized to be in an alternative form under subsection (b);

'(3) briefly describe the operational processes, skills and technology, and the human, capital, information, or other resources required to meet the performance goals;

'(4) establish performance indicators to be used in measuring or assessing the relevant outputs, service levels, and outcomes of each program activity;

'(5) provide a basis for comparing actual program results with the established performance goals; and

'(6) describe the means to be used to verify and validate measured values.

'(b) If an agency, in consultation with the Director of the Office of Management and Budget, determines that it is not feasible to express the performance goals for a particular program activity in an objective, quantifiable, and measurable form, the Director of the Office of

Management and Budget may authorize an alternative form. Such alternative form shall--

'(1) include separate descriptive statements of--

'(A)(i) a minimally effective program, and

'(ii) a successful program, or

'(B) such alternative as authorized by the Director of the Office of Management and Budget,

with sufficient precision and in such terms that would allow for an accurate, independent determination of whether the program activity's performance meets the criteria of the description; or

'(2) state why it is infeasible or impractical to express a performance goal in any form for the program activity.

'(c) For the purpose of complying with this section, an agency may aggregate, disaggregate, or consolidate program activities, except that any aggregation or consolidation may not omit or minimize the significance of any program activity constituting a major function or operation for the agency.

'(d) An agency may submit with its annual performance plan an appendix covering any portion of the plan that--

'(1) is specifically authorized under criteria established by an Executive order to be kept secret in the interest of national defense or foreign policy; and

'(2) is properly classified pursuant to such Executive order.

'(e) The functions and activities of this section shall be considered to be inherently Governmental functions. The drafting of performance plans under this section shall be performed only by Federal employees.

'(f) For purposes of this section and sections 1116 through 1119, and sections 9703 and 9704 the term--

'(1) 'agency' has the same meaning as such term is defined under section 306(f) of title 5;

'(2) 'outcome measure' means an assessment of the results of a program activity compared to its intended purpose;

'(3) 'output measure' means the tabulation, calculation, or recording of activity or effort and can be expressed in a quantitative or qualitative manner;

'(4) 'performance goal' means a target level of performance expressed as a tangible, measurable objective, against which actual achievement can be compared, including a goal expressed as a quantitative standard, value, or rate;

'(5) 'performance indicator' means a particular value or characteristic used to measure output or outcome;

'(6) 'program activity' means a specific activity or project as listed in the program and financing schedules of the annual budget of the United States Government; and

'(7) 'program evaluation' means an assessment, through objective measurement and systematic analysis, of the manner and extent to which Federal programs achieve intended objectives.

**'Sec. 1116. Program performance reports**

'(a) No later than March 31, 2000, and no later than March 31 of each year thereafter, the head of each agency shall prepare and submit to the President and the Congress, a report on program performance for the previous fiscal year.

'(b)(1) Each program performance report shall set forth the performance indicators established in the agency performance plan under section 1115, along with the actual program performance achieved compared with the performance goals expressed in the plan for that fiscal year.

'(2) If performance goals are specified in an alternative form under section 1115(b), the results of such program shall be described in relation to such specifications, including whether the performance failed to meet the criteria of a minimally effective or successful program.

'(c) The report for fiscal year 2000 shall include actual results for the preceding fiscal year, the report for fiscal year 2001 shall include actual results for the two preceding fiscal years, and the report for fiscal year 2002 and all subsequent reports shall include actual results for the three preceding fiscal years.

'(d) Each report shall--

'(1) review the success of achieving the performance goals of the fiscal year;

'(2) evaluate the performance plan for the current fiscal year relative to the performance achieved toward the performance goals in the fiscal year covered by the report;

'(3) explain and describe, where a performance goal has not been met (including when a program activity's performance is determined not to have met the criteria of a successful program activity under section 1115(b)(1)(A)(ii) or a corresponding level of achievement if another alternative form is used)--

'(A) why the goal was not met;

'(B) those plans and schedules for achieving the established performance goal; and

'(C) if the performance goal is impractical or infeasible, why that is the case and what action is recommended;

'(4) describe the use and assess the effectiveness in achieving performance goals of any waiver under section 9703 of this title; and

'(5) include the summary findings of those program evaluations completed during the fiscal year covered by the report.

'(e) An agency head may include all program performance information required annually under

this section in an annual financial statement required under section 3515 if any such statement is submitted to the Congress no later than March 31 of the applicable fiscal year.

“(f) The functions and activities of this section shall be considered to be inherently Governmental functions. The drafting of program performance reports under this section shall be performed only by Federal employees.

**“Sec. 1117. Exemption**

“The Director of the Office of Management and Budget may exempt from the requirements of sections 1115 and 1116 of this title and section 306 of title 5, any agency with annual outlays of \$20,000,000 or less.”

**SEC. 5. MANAGERIAL ACCOUNTABILITY AND FLEXIBILITY.**

(a) MANAGERIAL ACCOUNTABILITY AND FLEXIBILITY- Chapter 97 of title 31, United States Code, is amended by adding after section 9702, the following new section:

**“Sec. 9703. Managerial accountability and flexibility**

“(a) Beginning with fiscal year 1999, the performance plans required under section 1115 may include proposals to waive administrative procedural requirements and controls, including specification of personnel staffing levels, limitations on compensation or remuneration, and prohibitions or restrictions on funding transfers among budget object classification 20 and subclassifications 11, 12, 31, and 32 of each annual budget submitted under section 1105, in return for specific individual or organization accountability to achieve a performance goal. In preparing and submitting the performance plan under section 1105(a)(29), the Director of the Office of Management and Budget shall review and may approve any proposed waivers. A waiver shall take effect at the beginning of the fiscal year for which the waiver is approved.

“(b) Any such proposal under subsection (a) shall describe the anticipated effects on performance resulting from greater managerial or organizational flexibility, discretion, and authority, and shall quantify the expected improvements in performance resulting from any waiver. The expected improvements shall be compared to current actual performance, and to the projected level of performance that would be achieved independent of any waiver.

“(c) Any proposal waiving limitations on compensation or remuneration shall precisely express the monetary change in compensation or remuneration amounts, such as bonuses or awards, that shall result from meeting, exceeding, or failing to meet performance goals.

“(d) Any proposed waiver of procedural requirements or controls imposed by an agency (other than the proposing agency or the Office of Management and Budget) may not be included in a performance plan unless it is endorsed by the agency that established the requirement, and the endorsement included in the proposing agency's performance plan.

“(e) A waiver shall be in effect for one or two years as specified by the Director of the Office of Management and Budget in approving the waiver. A waiver may be renewed for a subsequent year. After a waiver has been in effect for three consecutive years, the performance plan prepared under section 1115 may propose that a waiver, other than a waiver of limitations on compensation or remuneration, be made permanent.

“(f) For purposes of this section, the definitions under section 1115(f) shall apply.”

**SEC. 6. PILOT PROJECTS.**

(a) PERFORMANCE PLANS AND REPORTS- Chapter 11 of title 31, United States Code, is amended by inserting after section 1117 (as added by section 4 of this Act) the following new section:

**Sec. 1118. Pilot projects for performance goals**

“(a) The Director of the Office of Management and Budget, after consultation with the head of each agency, shall designate not less than ten agencies as pilot projects in performance measurement for fiscal years 1994, 1995, and 1996. The selected agencies shall reflect a representative range of Government functions and capabilities in measuring and reporting program performance.

“(b) Pilot projects in the designated agencies shall undertake the preparation of performance plans under section 1115, and program performance reports under section 1116, other than section 1116(c), for one or more of the major functions and operations of the agency. A strategic plan shall be used when preparing agency performance plans during one or more years of the pilot period.

“(c) No later than May 1, 1997, the Director of the Office of Management and Budget shall submit a report to the President and to the Congress which shall--

“(1) assess the benefits, costs, and usefulness of the plans and reports prepared by the pilot agencies in meeting the purposes of the Government Performance and Results Act of 1993;

“(2) identify any significant difficulties experienced by the pilot agencies in preparing plans and reports; and

“(3) set forth any recommended changes in the requirements of the provisions of Government Performance and Results Act of 1993, section 306 of title 5, sections 1105, 1115, 1116, 1117, 1119 and 9703 of this title, and this section.”

(b) MANAGERIAL ACCOUNTABILITY AND FLEXIBILITY- Chapter 97 of title 31, United States Code, is amended by inserting after section 9703 (as added by section 5 of this Act) the following new section:

**Sec. 9704. Pilot projects for managerial accountability and flexibility**

“(a) The Director of the Office of Management and Budget shall designate not less than five agencies as pilot projects in managerial accountability and flexibility for fiscal years 1995 and 1996. Such agencies shall be selected from those designated as pilot projects under section 1118 and shall reflect a representative range of Government functions and capabilities in measuring and reporting program performance.

“(b) Pilot projects in the designated agencies shall include proposed waivers in accordance with section 9703 for one or more of the major functions and operations of the agency.

“(c) The Director of the Office of Management and Budget shall include in the report to the President and to the Congress required under section 1118(c)--

“(1) an assessment of the benefits, costs, and usefulness of increasing managerial and organizational flexibility, discretion, and authority in exchange for improved performance through a waiver; and

'(2) an identification of any significant difficulties experienced by the pilot agencies in preparing proposed waivers.

'(d) For purposes of this section the definitions under section 1115(f) shall apply.'

(c) PERFORMANCE BUDGETING- Chapter 11 of title 31, United States Code, is amended by inserting after section 1118 (as added by section 6 of this Act) the following new section:

**'Sec. 1119. Pilot projects for performance budgeting**

'(a) The Director of the Office of Management and Budget, after consultation with the head of each agency shall designate not less than five agencies as pilot projects in performance budgeting for fiscal years 1998 and 1999. At least three of the agencies shall be selected from those designated as pilot projects under section 1118, and shall also reflect a representative range of Government functions and capabilities in measuring and reporting program performance.

'(b) Pilot projects in the designated agencies shall cover the preparation of performance budgets. Such budgets shall present, for one or more of the major functions and operations of the agency, the varying levels of performance, including outcome-related performance, that would result from different budgeted amounts.

'(c) The Director of the Office of Management and Budget shall include, as an alternative budget presentation in the budget submitted under section 1105 for fiscal year 1999, the performance budgets of the designated agencies for this fiscal year.

'(d) No later than March 31, 2001, the Director of the Office of Management and Budget shall transmit a report to the President and to the Congress on the performance budgeting pilot projects which shall--

'(1) assess the feasibility and advisability of including a performance budget as part of the annual budget submitted under section 1105;

'(2) describe any difficulties encountered by the pilot agencies in preparing a performance budget;

'(3) recommend whether legislation requiring performance budgets should be proposed and the general provisions of any legislation; and

'(4) set forth any recommended changes in the other requirements of the Government Performance and Results Act of 1993, section 306 of title 5, sections 1105, 1115, 1116, 1117, and 9703 of this title, and this section.

'(e) After receipt of the report required under subsection (d), the Congress may specify that a performance budget be submitted as part of the annual budget submitted under section 1105.'

**SEC. 7. UNITED STATES POSTAL SERVICE.**

Part III of title 39, United States Code, is amended by adding at the end thereof the following new chapter:

**'CHAPTER 28--STRATEGIC PLANNING AND PERFORMANCE**

**MANAGEMENT**

`Sec.

`2801. Definitions.

`2802. Strategic plans.

`2803. Performance plans.

`2804. Program performance reports.

`2805. Inherently Governmental functions.

**`Sec. 2801. Definitions**

`For purposes of this chapter the term--

`(1) 'outcome measure' refers to an assessment of the results of a program activity compared to its intended purpose;

`(2) 'output measure' refers to the tabulation, calculation, or recording of activity or effort and can be expressed in a quantitative or qualitative manner;

`(3) 'performance goal' means a target level of performance expressed as a tangible, measurable objective, against which actual achievement shall be compared, including a goal expressed as a quantitative standard, value, or rate;

`(4) 'performance indicator' refers to a particular value or characteristic used to measure output or outcome;

`(5) 'program activity' means a specific activity related to the mission of the Postal Service; and

`(6) 'program evaluation' means an assessment, through objective measurement and systematic analysis, of the manner and extent to which Postal Service programs achieve intended objectives.

**`Sec. 2802. Strategic plans**

`(a) No later than September 30, 1997, the Postal Service shall submit to the President and the Congress a strategic plan for its program activities. Such plan shall contain--

`(1) a comprehensive mission statement covering the major functions and operations of the Postal Service;

`(2) general goals and objectives, including outcome-related goals and objectives, for the major functions and operations of the Postal Service;

`(3) a description of how the goals and objectives are to be achieved, including a description of the operational processes, skills and technology, and the human, capital, information, and other resources required to meet those goals and objectives;

`(4) a description of how the performance goals included in the plan required under section 2803 shall be related to the general goals and objectives in the strategic plan;

`(5) an identification of those key factors external to the Postal Service and beyond its control that could significantly affect the achievement of the general goals and objectives; and

`(6) a description of the program evaluations used in establishing or revising general goals and objectives, with a schedule for future program evaluations.

`(b) The strategic plan shall cover a period of not less than five years forward from the fiscal year in which it is submitted, and shall be updated and revised at least every three years.

`(c) The performance plan required under section 2803 shall be consistent with the Postal Service's strategic plan. A performance plan may not be submitted for a fiscal year not covered by a current strategic plan under this section.

`(d) When developing a strategic plan, the Postal Service shall solicit and consider the views and suggestions of those entities potentially affected by or interested in such a plan, and shall advise the Congress of the contents of the plan.

#### **`Sec. 2803. Performance plans**

`(a) The Postal Service shall prepare an annual performance plan covering each program activity set forth in the Postal Service budget, which shall be included in the comprehensive statement presented under section 2401(g) of this title. Such plan shall--

`(1) establish performance goals to define the level of performance to be achieved by a program activity;

`(2) express such goals in an objective, quantifiable, and measurable form unless an alternative form is used under subsection (b);

`(3) briefly describe the operational processes, skills and technology, and the human, capital, information, or other resources required to meet the performance goals;

`(4) establish performance indicators to be used in measuring or assessing the relevant outputs, service levels, and outcomes of each program activity;

`(5) provide a basis for comparing actual program results with the established performance goals; and

`(6) describe the means to be used to verify and validate measured values.

`(b) If the Postal Service determines that it is not feasible to express the performance goals for a particular program activity in an objective, quantifiable, and measurable form, the Postal Service may use an alternative form. Such alternative form shall--

`(1) include separate descriptive statements of--

`(A) a minimally effective program, and

(B) a successful program,

with sufficient precision and in such terms that would allow for an accurate, independent determination of whether the program activity's performance meets the criteria of either description; or

(2) state why it is infeasible or impractical to express a performance goal in any form for the program activity.

(c) In preparing a comprehensive and informative plan under this section, the Postal Service may aggregate, disaggregate, or consolidate program activities, except that any aggregation or consolidation may not omit or minimize the significance of any program activity constituting a major function or operation.

(d) The Postal Service may prepare a non-public annex to its plan covering program activities or parts of program activities relating to--

(1) the avoidance of interference with criminal prosecution; or

(2) matters otherwise exempt from public disclosure under section 410(c) of this title.

#### **Sec. 2804. Program performance reports**

(a) The Postal Service shall prepare a report on program performance for each fiscal year, which shall be included in the annual comprehensive statement presented under section 2401 (g) of this title.

(b)(1) The program performance report shall set forth the performance indicators established in the Postal Service performance plan, along with the actual program performance achieved compared with the performance goals expressed in the plan for that fiscal year.

(2) If performance goals are specified by descriptive statements of a minimally effective program activity and a successful program activity, the results of such program shall be described in relationship to those categories, including whether the performance failed to meet the criteria of either category.

(c) The report for fiscal year 2000 shall include actual results for the preceding fiscal year, the report for fiscal year 2001 shall include actual results for the two preceding fiscal years, and the report for fiscal year 2002 and all subsequent reports shall include actual results for the three preceding fiscal years.

(d) Each report shall--

(1) review the success of achieving the performance goals of the fiscal year;

(2) evaluate the performance plan for the current fiscal year relative to the performance achieved towards the performance goals in the fiscal year covered by the report;

(3) explain and describe, where a performance goal has not been met (including when a program activity's performance is determined not to have met the criteria of a successful program activity under section 2803(b)(2))--

(A) why the goal was not met;

(B) those plans and schedules for achieving the established performance goal; and

(C) if the performance goal is impractical or infeasible, why that is the case and what action is recommended; and

(4) include the summary findings of those program evaluations completed during the fiscal year covered by the report.

**Sec. 2805. Inherently Governmental functions**

The functions and activities of this chapter shall be considered to be inherently Governmental functions. The drafting of strategic plans, performance plans, and program performance reports under this section shall be performed only by employees of the Postal Service.

**SEC. 8. CONGRESSIONAL OVERSIGHT AND LEGISLATION.**

(a) IN GENERAL- Nothing in this Act shall be construed as limiting the ability of Congress to establish, amend, suspend, or annul a performance goal. Any such action shall have the effect of superseding that goal in the plan submitted under section 1105(a)(29) of title 31, United States Code.

(b) GAO REPORT- No later than June 1, 1997, the Comptroller General of the United States shall report to Congress on the implementation of this Act, including the prospects for compliance by Federal agencies beyond those participating as pilot projects under sections 1118 and 9704 of title 31, United States Code.

**SEC. 9. TRAINING.**

The Office of Personnel Management shall, in consultation with the Director of the Office of Management and Budget and the Comptroller General of the United States, develop a strategic planning and performance measurement training component for its management training program and otherwise provide managers with an orientation on the development and use of strategic planning and program performance measurement.

**SEC. 10. APPLICATION OF ACT.**

No provision or amendment made by this Act may be construed as--

(1) creating any right, privilege, benefit, or entitlement for any person who is not an officer or employee of the United States acting in such capacity, and no person who is not an officer or employee of the United States acting in such capacity shall have standing to file any civil action in a court of the United States to enforce any provision or amendment made by this Act; or

(2) superseding any statutory requirement, including any requirement under section 553 of title 5, United States Code.

**SEC. 11. TECHNICAL AND CONFORMING AMENDMENTS.**

(a) AMENDMENT TO TITLE 5, UNITED STATES CODE- The table of sections for chapter

3 of title 5, United States Code, is amended by adding after the item relating to section 305 the following:

'306. Strategic plans.'

(b) AMENDMENTS TO TITLE 31, UNITED STATES CODE-

(1) AMENDMENT TO CHAPTER 11- The table of sections for chapter 11 of title 31, United States Code, is amended by adding after the item relating to section 1114 the following:

'1115. Performance plans.

'1116. Program performance reports.

'1117. Exemptions.

'1118. Pilot projects for performance goals.

'1119. Pilot projects for performance budgeting.'

(2) AMENDMENT TO CHAPTER 97- The table of sections for chapter 97 of title 31, United States Code, is amended by adding after the item relating to section 9702 the following:

'9703. Managerial accountability and flexibility.

'9704. Pilot projects for managerial accountability and flexibility.'

(c) AMENDMENT TO TITLE 39, UNITED STATES CODE- The table of chapters for part III of title 39, United States Code, is amended by adding at the end thereof the following new item:

**2801'.**

Speaker of the House of Representatives.

Vice President of the United States and

President of the Senate.

*END*

