

**ROADMAP FOR A MORE EFFICIENT AND
ACCOUNTABLE FEDERAL GOVERNMENT:
IMPLEMENTING THE GPRA MODERNIZATION ACT**

JOINT HEARING

BEFORE THE

OVERSIGHT OF GOVERNMENT MANAGEMENT,
THE FEDERAL WORKFORCE, AND THE DISTRICT
OF COLUMBIA SUBCOMMITTEE AND THE
FEDERAL FINANCIAL MANAGEMENT, GOVERNMENT
INFORMATION, FEDERAL SERVICES, AND
INTERNATIONAL SECURITY SUBCOMMITTEE

OF THE

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HOMELAND SECURITY AND
GOVERNMENTAL AFFAIRS
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TUESDAY, MAY 10, 2011

U.S. SENATE,
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MANAGEMENT, THE FEDERAL WORKFORCE, AND THE
DISTRICT OF COLUMBIA SUBCOMMITTEE AND THE,
FEDERAL FINANCIAL MANAGEMENT, GOVERNMENT
INFORMATION, FEDERAL SERVICES, AND INTERNATIONAL
SECURITY SUBCOMMITTEE,
OF THE COMMITTEE ON HOMELAND SECURITY
AND GOVERNMENTAL AFFAIRS,
Washington, DC.

The Subcommittees met, pursuant to notice, at 2:38 p.m., in room 562, Dirksen Senate Office Building, Hon. Thomas R. Carper, Chairman of the Subcommittee on Federal Financial Management, Government Information, Federal Services, and International Security, presiding.

Present: Senators Carper, Pryor, Brown, and Johnson.

OPENING STATEMENT OF SENATOR CARPER

Senator CARPER. The Subcommittee will come to order.

I apologize for running a little bit late. Thank you for your patience with me. I am happy to be here with my colleagues and all of you. I am especially looking forward to our witnesses.

I think, in bringing the Subcommittee to order, I want to say, unfortunately, Senator Akaka of Hawaii, broke two ribs in a minor accident at home last week. He is unable to be with us to attend the hearing today. His statement and the witnesses' answers to his questions for the record will be included in the hearing record for today. I understand he is recovering quickly and we look forward to seeing him back again soon. He is one of my favorite people. We love Senator Akaka around here. We want him to be off the DL and back into the game in the starting lineup, and we are told he will be very soon.

But today's hearing will examine the recently enacted Government Performance and Results Modernization Act (GPRAMA) of 2011 and how progress is being made toward its full implementation. This bipartisan legislation, which I sponsored with, among others, Senator Akaka, and I want to say Senator Voinovich, I think Senator Warner, maybe Senator—was Senator Brown a co-

sponsor? I am not sure. He could have been. Anyway, a bunch of us pushed this legislation. In the last Congress, it got signed into law. I am grateful to all my colleagues for their support and looking forward to how we are doing in its implementation.

Seventeen years ago, Congress passed the Government Performance and Results Act (GPRA) to help us better manage our finite resources and to improve the effectiveness of Federal programs. Given our mind-boggling budget deficits today, there has never been a greater need for more informed and effective management of taxpayer dollars. Since 1993, agencies across the Federal Government have developed and implemented strategic plans and have routinely generated a tremendous amount of performance data. The question is, have Federal agencies actually used their performance data to get better results?

Producing information, as we know, does not by itself improve performance, and experts from both sides of the aisle agree that the solutions developed in 1993 did not work as we had originally anticipated and hoped. The American people deserve and our fiscal challenges demand better results.

In fact, when the bill was passed in 1993, I was just becoming a new Governor, but when the bill was passed in 1993, I think it was sort of referred to as the Results Act. They wanted the folks in that Administration—we had a new President and we had at that time, I think, a Democratic Congress, but they were focused on performance and on results, something that I think the three of us certainly focus on, results, wanting to get things done.

Vince Lombardi used to say, if you are not keeping score, you are just practicing. He said a lot of memorable things. That was one of my favorite. He also said, winning is not the only thing—no, winning is not everything, it is the only thing. But we could probably spend the better part of this hearing coming up with his quotes, but I like this one a lot. If you are not keeping score, you are just practicing.

But we have not been doing a very good job of setting clear goals for Federal programs, at least for some of them. We have not been doing a very good job of keeping score, either, and it is time to get into the game and play for real.

The Government Performance and Results Modernization Act brings a strategic Government-wide focus to performance management by requiring the Office of Management and Budget (OMB) to set Government-wide goals to align programs from different agencies to work together to reduce overlap and duplication. It also requires OMB to seek majority and minority views from Congress on those goals. With an eye toward eliminating redundancy within Government, the law requires agencies to support Government-wide priorities by linking their goals to them and working across party lines to improve the efficiency and effectiveness of their work.

I am pleased to hear that OMB is taking the new law seriously. In fact, OMB helped develop the new law, so it is especially encouraging that they are also taking it seriously. But in early April, OMB Director Jack Lew, along with Deputy Director for Management Jeff Zients, who is with us today, issued a memo to agency and department heads directing them to begin to implement the new law. The memo told agencies to submit the name of their

Agency Chief Operating Officer (COO) to OMB by May 2, and that was last Monday, I think, last Monday, and the name of their Agency Performance Information Officer (PIO) by June 1. These positions, codified by the new law, are crucial to improving the performance of the Federal Government.

The memo also instructed agencies to begin holding data-driven progress reviews of their goals by the end of June. I look forward to hearing from Mr. Zients today about whether these timelines will be met and about how many agencies have put their Chief Operating Officer into place.

Finally, the law requires that all the results and performance information agencies generate be placed on a single searchable Web site. This electronic information would replace much of the large performance-related documents agencies produce today that often go unread. It will provide the sort of transparency and accountability of agency performance that Congress and the American people demand. It will also enable us to see what is working, to fix what is not, and to make some tough decisions about what programs may be duplicative or not needed.

This Web site, known as performance.gov, has yet to be launched, and recent cuts to the Electronic Government Fund make its future a bit cloudy. That is a matter of concern to me. I know it is to others. We hope to hear more today about the Web site's status and its importance from our witnesses.

Finally, during his State of the Union Address a couple months ago, President Obama pledged to merge and reorganize agencies. I believe Mr. Zients is leading these efforts for the President and we hope to hear from him and other witnesses about how this new law can serve as a tool for making some of the tough decisions ahead, and we know they will be tough.

Today, we face unparalleled challenges both here and abroad, and these require a knowledgeable and nimble Federal Government that can respond effectively. With concerns growing over the mounting Federal deficit and national debt, the American people deserve to know that every dollar they send to Washington is being used to its utmost potential. We need to replace the, what I would describe as the culture of spendthrift that has become all too common in Washington, really, in Federal agencies across the country, replace that culture of spendthrift with what I describe as a culture of thrift, and making better use of performance information is an invaluable tool that can help us get there. If used effectively, it can identify problems, find solutions, and develop approaches that can help us to provide better service to the people who send us here for less money than we are spending today—better results for less money.

With that said, I going to turn to Senator Scott Brown for his statement. Thank you.

OPENING STATEMENT OF SENATOR BROWN

Senator BROWN. Certainly, thank you, Mr. Chairman, for holding this hearing. As you mentioned, Senator Akaka cannot be with us today. I want to just say for the record that while I have an opportunity to serve in this Joint Subcommittee hearing, to recognize his distinguished service and leadership on issues concerning the improvement and management of our Federal Government. I want to thank our witnesses all for coming and all the people that are here to listen.

As you know, just to mirror what Senator Carper said, we are in a financial emergency and we need to squeeze out every last dollar. When I go around the country and around the State, in particular, and people say, before I give any more taxes, I want to know that the Government is using my money wisely, and I think there is a trust issue right now, that people want to do their fair share, but they also want to know that when they do it, they are not going to be wasting their hard-earned dollars. And I think there needs to be an effort to reestablish trust between the American people and the Federal Government, quite frankly, and I am hopeful through your efforts, collectively, that you will be able to eliminate any overlap waste, fraud abuse.

On the one hand, we are wrestling about \$61 billion, and on the other hand, we are giving away hundreds of billions of dollars just through various programs and projects that are either obsolete, they are not working properly, and we need help. And I have said publicly, I am happy to help the Administration with these things, happy to work with my Democratic colleague, Mr. Chairman, to tackle these things. There are people of good will on both sides of the aisle who want to tackle these things and we have not been given the opportunity yet and I am hopeful we can do that.

So this hearing is obviously a good step and I want to just thank you for coming and letting us know where you are at and what you are doing and I look forward to the testimony, as well. Thank you, Mr. Chairman.

Senator CARPER. Good. Thank you, Senator Brown.
Senator Johnson from Wisconsin.

OPENING STATEMENT OF SENATOR JOHNSON

Senator JOHNSON. Thank you, Mr. Chairman. I also want to acknowledge Senator Akaka, who is just a fine gentleman, and certainly wish him a speedy recovery. It is too bad he cannot be here today.

I also want to acknowledge what Senator Brown just said about people working together in good will and good faith to tackle these issues. I came to Washington because we are bankrupting this Nation. We are here at a very serious time. I think our Nation is imperiled, and I knew the system was broken. I knew processes were broken, our budget process was broken, and unfortunately, there has not been a whole lot of things I have seen here in my 4 months and 7 days—but who is counting—that has changed my mind that things are pretty broken here in Washington. But there are a few rays of hope, and certainly working with you, Mr. Dodaro, in terms of what I have seen coming out of the Government Accountability Office (GAO), and I think the Government Performance and Re-

sults Improvement Act, I mean, these are signs that maybe we do have a chance. When we are looking at running a \$1.65 trillion, or as I like to refer to it, a \$1,650 billion a year deficit, we simply cannot afford to have inefficient and ineffective Government.

So, again, I am looking forward to your testimony. Thank you for coming. I think in particular, as I mentioned to Mr. Zients, I really want to talk about examples. I want to see in the past what has worked, and maybe more important, what has not worked and why it has not worked in these agencies in terms of actually improving them, looking at metrics and seeing how we can move this process forward.

So, again, thank you, Mr. Chairman.

Senator CARPER. Thank you, Senator Johnson.

Our first witness today is the Honorable Jeff Zients. Mr. Zients is our Nation's first Chief Performance Officer (CPO) and the Deputy Director for Management in the Office of Management and Budget. Before coming to the Government, Mr. Zients spent over 20 years as a Chief Executive Officer (CEO) in the private sector, and we thank him for appearing today. Thank you even more for your service.

Our witness alongside of—his wingman, alongside of Mr. Zients, is Gene Dodaro, a man who testifies time and again with no prepared testimony. He does it off the top of his head. We will see if he can do it again today. I tell him, the only other person I ever saw do this was John Roberts, who went on to become the Chief Justice of the Supreme Court, so you have a bright future ahead of you, if not at GAO. [Laughter.]

But Gene is the Comptroller General of the United States and head of the U.S. Government Accountability Office. What is the length of your tenure, is it 15 years? Sixteen years?

Mr. DODARO. Fifteen years.

Senator CARPER. Fifteen years, OK. Mr. Dodaro has a long and distinguished career at GAO, stretching back for more than 30 years, and we thank him for being with us today and for testifying.

I just want to say—I said this to some of my colleagues today and I will just say this before we turn it over to our witnesses—I think GAO, in terms of deficit reduction, are actually getting better results for less money. I think GAO does huge public service for us, if we will take advantage of it. Among other things, it is with their High-Risk List. It is almost like a to-do list for things that we can do to change the culture around here, but not just change the culture, but actually get better results for less money.

And I always commend it to my colleagues and would do so again today, and we thank you for that, and also for your work on duplication. If we are smart, we will take Subcommittees like this one that are really interested in getting better results for less money and work with OMB, where certainly Mr. Zients, as our Chief Performance Officer, is interested in doing that, and GAO will get some things done. In fact, we are already beginning to and I am encouraged by that.

All right. Mr. Zients, you are up. You can testify for as long as you want, but I will have to cut you off a little bit after 5 minutes, so do not. But you can keep talking. You will run over into Gene Dodaro. But your entire testimony will be made part of the record,

so if you can wrap it a little over 5 minutes, that would be great. Thanks.

Mr. ZIENTS. Great.
Senator CARPER. Please proceed.

STATEMENT OF HON. JEFFREY D. ZIENTS,¹ FEDERAL CHIEF PERFORMANCE OFFICER AND DEPUTY DIRECTOR FOR MANAGEMENT, U.S. OFFICE OF MANAGEMENT AND BUDGET

Mr. ZIENTS. Thank you, Chairman Carper and Ranking Member Johnson and Senator Brown. I appreciate the opportunity to come before you today to discuss our shared objective to improve the efficiency and the effectiveness of Government operations. I will provide a brief update on the Administration's performance management approach, explain how we are implementing the new Act, and discuss the path forward, all within 5 minutes.

Let me start with an update. The Obama Administration's performance management efforts build upon the groundwork established by previous Administrations and by Congress. We are using a proven approach. I think it is pretty simple and straightforward. Leaders set clear, ambitious goals for a limited number of priorities. Agency teams then develop performance plans and set specific targets. And then agency leaders, working with OMB, conduct frequent performance reviews to drive progress toward these goals. And we are getting results.

Let me start with our Government-wide management efforts. We have reviewed, case by case, over 100 troubled information technology (IT) projects and have reduced spending by roughly \$3 billion. As importantly, we have streamlined these projects to focus on the critical business needs, and in some cases, we have actually terminated poorly performing projects altogether.

For in improper payments, we have deployed state-of-the-art fraud detection tools used by the private sector to crack down on fraud and abuse. These tools have helped us avoid \$4 billion in improper payments in 2010 alone.

We have also tackled the longstanding problems plaguing the management of real property, making significant progress toward the President's goal of achieving \$3 billion in savings by the end of next year. We proposed to Congress just last week a Base Realignment and Closure (BRAC)-like approach to civilian property that would save \$15 billion over 3 years.

So while we have been driving progress in these and other Government-wide areas, we have also been working very closely with senior leaders, deputy secretaries of the major agencies, to set clear goals in their agencies on their specific high priority areas.

Take Department of Housing and Urban Development (HUD), for example, where Secretary Donovan and his deputy are working on a goal to assist 700,000 homeowners who are at risk of losing their homes. They are currently actually tracking ahead of their targets, 25 percent ahead, for early delinquency intervention and loss mitigation. HUD is also working with the Department of Veterans Affairs (VA) to reduce homelessness among veterans, and they are on

¹ The prepared statement of Mr. Zients appears in the appendix on page 46.

track to bring the number of homeless veterans down below their target of 59,000 by June 2012.

For all of these priority goals, both the agency-specific and the cross-Government management goals, we have senior accountable officials who are executing on detailed action plans and agency leaders who are tracking and analyzing progress against very specific outcomes-based targets. They are driving continual progress to meet their goals. Where they are off-track, they are making mid-course corrections.

We are harnessing the power of transparency and accountability to get these results. We are using vehicles like the IT Dashboard to cast light on Government-wide management priorities. In each quarter, agencies report progress on their agency-specific goals through the Web site that Senator Carper mentioned, performance.gov. As needed, myself and my team at OMB follows up with agencies to support their efforts or to push where we think there needs to be more action, all to make sure that we are making sufficient progress.

The GPRA Modernization Act that just passed really builds on and reinforces our performance management approach, and we are working aggressively with agencies to implement the Act. As Senator Carper mentioned, last month, OMB Director Lew and I sent a memo instructing agencies to designate both Chief Operating Officers and Performance Improvement Officers to drive performance and implementation of the Act. We also outlined the process and the time line for setting new agency priority goals as part of the Fiscal Year 2013 budget process that we are starting.

Furthermore, as all of us recognize, the Federal Government too often operates in stovepipes, with inadequate cross-agency cooperation and coordination. The Act enhances our efforts to address this problem through the creation of Federal cross-agency priority goals. We have started the process of identifying these cross-agency goals for the first time with a specific focus on opportunities to address the duplication and inefficiencies across agencies, like those highlighted in the GAO report. We look forward to working with Congress in the coming months as we develop these first Federal cross-agency priority goals.

Importantly, the Act also calls for us to move from the production of very lengthy printed performance plans and reports to more useful, more actionable online performance information. Performance.gov is the vehicle for this. It will facilitate and accelerate performance management, and we plan to make the information on the site available to the public soon to help hold us accountable. We will work to expand Performance.gov to meet the Act's broader reporting requirements in advance of our October 2012 deadline, though, as Senator Carper has said, the exact timing and level of functionality will be dependent upon future funding levels.

So in closing, our path forward, and the progress that we have had to date, gives me a lot of confidence that, together, we can change the way Government works to provide the American people with the efficiency, effective, and high-performing Government they deserve. I look forward to working closely with the three of you and other Members of Congress and my colleagues and Federal employees across the Nation to accomplish our shared objectives.

I want to thank the Subcommittee for holding the hearing and for your continued commitment to improving Federal performance. Post-Gene, I will be happy to answer any questions.

Senator CARPER. Thank you very much for that testimony.

Mr. Dodaro, you are on. Thanks.

**STATEMENT OF HON. EUGENE L. DODARO,¹ COMPTROLLER
GENERAL, U.S. GOVERNMENT ACCOUNTABILITY OFFICE**

Mr. DODARO. Good afternoon, Mr. Chairman, Senator Brown, Senator Johnson. I am pleased to be here today to discuss the Government Performance and Results Modernization Act. I would first like to express my best wishes to Senator Akaka, as well, for a speedy recovery.

There are five elements of the legislation that I wanted to focus on in my oral comments today. The first is instilling a more coordinated, cross-cutting focus on achieving meaningful results. I believe our report on Overlap, Duplication, and Fragmentation vividly outlined the need for a better approach in this area. For example, the report highlighted several areas where there are between 40 and 100 different programs trying to accomplish similar objectives in the areas like teacher quality, employment and training programs, economic development programs, surface transportation. There is the need for greater coordination to make sure that the Federal Government's role is clear, that there are opportunities to focus better on what the Government collectively is trying to achieve in these areas, there is a prioritization, and there are metrics that could be used to hold agencies accountable. So I believe this cross-cutting coordinating focus can drive greater efficiencies, and the GPRA Modernization Act is a platform for reprioritization of what the Federal role should be and how it will be measured to gauge success.

Also, more and more problems require multiple agencies to work together to tackle those problems, whether we are talking about homeland security or battling infectious diseases, and the GPRA Modernization Act offers a new, fresh start to begin those processes in a coordinated way across the Federal Government.

The second major element is focusing on management challenges and management functions. The Act calls for focusing on five: Financial management, human capital, acquisition and contract management, real property, and information technology. These areas, either the whole area or aspects of the area, are on our High-Risk List. Now, while in most of the areas, there were efforts made during the 1990's to pass management reform legislation, and there have been some benefits from that, but we are nowhere near having the type of management infrastructure and capabilities commensurate with the challenges facing the Federal Government right now. And I am hoping that through the requirements for OMB to produce plans on these management functions, that will provide greater impetus to making the necessary improvements so the Government has the management capacity to really deliver better results for less money. But it will not happen with only plans in each of the functional areas, but the plans need to be developed

¹ The prepared statement of Mr. Dodaro appears in the appendix on page 52.

in an integrated fashion to look at these management tools using approach that provides the biggest bang for the buck.

Third, the emphasis of the Act on use of performance measures is critical. The need to disclose more about the reliability of the performance measures, to provide more frequent reporting, or quarterly reporting, and to make it transparent through a single, governmentwide Web site, I think will have profound effects on accountability moving forward.

Again, in our report on Overlap, Duplication, and Fragmentation, we found in many cases, many of these programs had not been reviewed for their impact. In the employment and training area, only 5 of the 47 programs we looked at had a performance evaluation impact study since 2004. Many other programs have not been evaluated. So there needs to be rigorous discipline imposed and the capabilities enhanced of the agencies to be able to focus on these areas.

The last two, the fourth and fifth areas I would mention together, which is leadership and engaging the Congress more in a dialogue. I would note the two areas that we took off the High-Risk List this past year had senior management attention in the Executive Branch and had over a dozen hearings by the Congress to get sustained progress and enough attention to come off of the list. So it is very important for the Executive and Legislative Branches to work together on these problems, to have ongoing dialogue. I think through the collective efforts of all, the Government can have systems in place that the American people expect and that could provide better results and more effective services.

And I would close by saying that I can assure this Subcommittee there are several roles for GAO in the legislation to provide periodic evaluations of its implementation and we will be doing that very diligently and providing the results to the Congress.

So thank you very much. I would be happy to answer any questions.

Senator CARPER. That is great. Thanks so much.

Let us just go back to your last point, if we could, Mr. Dodaro. You mentioned there are several opportunities or roles for GAO to play, and I think there are some for OMB certainly to play. Talk about, if you will, the role for us on this side of the dais, for the Legislative Branch.

I go back to this idea of getting better results, focusing on performance. Eighteen years ago, President Clinton signed the original legislation into law, and here we are 18 years later. I think you could argue we have made some progress, but certainly not nearly enough.

But talk, if you will, a little bit about the roles that GAO is expected to play under the legislation. And if you will, turn it around on us and say, well, these are some things that you and the Legislative Branch could do that would be real helpful.

Mr. DODARO. Well, GAO's responsibilities, first, are to provide evaluations by 2013 on the planning and reporting aspects of the GPRA Modernization Act, and then by 2015 and again in 2017, to provide analysis of how the performance information is being used to enhance performance and hold managers accountable for achieving those results, and then every 4 years after. So there is a set

schedule in place for us to review it on a periodic basis but I focused on early implementation. I believe in getting started right away and laying the proper foundation. So we are already beginning our outreach.

Now, as it relates to the Congress, I think the Act sets what I would call minimum requirements for consultation; that is the Executive Branch must consult with the legislature about their goals every 2 years and to disclose how they use the results. I think the Congress ought to seize the opportunity to be more proactive and to provide its input into the Executive Branch about these program activities, what they would like to see out of the results, to have frequent, ongoing communication, and to have formal oversight hearings.

I think the other challenge for the Congress, quite frankly, will be in these cross-cutting areas, because they will cut across committee jurisdictions. So I think joint hearings like this type of hearing will have to become more commonplace and to have more dialogue so the Congress can express its collective views on these cross-cutting policy issues. I think that will be very important.

Senator CARPER. All right. Good. Thanks.

Mr. Zients, same question, if I could, replacing GAO with OMB, the first part.

Mr. ZIENTS. OK. In terms of OMB's role, it is central here. We are, as you pointed out, working with agency leaders to designate the COOs, the PIOs, to ensure that those quarterly reviews kick in at the end of June. We are going to be working very closely as part of the President's Management Council (PMC), the senior-most management council across government, that I chair. It is the deputy secretaries, and we meet monthly. Performance has been our agenda since the beginning of the Administration and the Act has been a constant agenda item since it passed in January.

Senator CARPER. How has attendance been at those meetings?

Mr. ZIENTS. We make sure that we schedule around very busy people's calendars. There are 20 members. We typically have 17 or 18 at the table.

Senator CARPER. All right.

Mr. ZIENTS. But that is through a complex scheduling process to coordinate schedules. We are essential here. It is going to be a very important part of my effort—

Senator CARPER. Do you meet in person or do you do it—can people do it by video, or—

Mr. ZIENTS. It is all in person.

Senator CARPER. OK.

Mr. ZIENTS. It is an hour-and-a-half meeting once a month. No substitutes is also the rule, so it is the deputies themselves. So that senior ownership and making sure that we provide the tools and that we hold the review sessions with senior leaders to make sure that they are making progress is probably the most important role.

On your second question, on Congress, I would echo what Gene said in terms of giving input and holding us accountable. I would also say that, like the real property legislation that we talked about last week, we are going to need the cooperation of Congress. Some of these issues, real estate being a tangible one, individual members of Congress care a lot about individual properties, and in

order for us to rid ourselves of unneeded properties, we are going to need congressional help to do that.

That is also true with the individual programs. There is plenty of work that we need to be doing in the Executive Branch, but inevitably, on some of these programs, there are members of Congress who care a lot about the individual programs, even if they might be less effective programs. We are going to need your cooperation in order to rid ourselves of unnecessary or poorly performing programs and unneeded real estate, and that exists across many of our areas.

Last, the more that these priorities are hard-wired into budget and appropriations, the more real they become. So I think it is going to be very important that we work closely with you and that, ultimately, budgets and appropriations reflect these priorities.

Senator CARPER. Great. I would like to say, and I say this as much to my colleagues as anybody else, but one of the things that we are trying to do, this is just one little Subcommittee in Homeland Security with fairly broad jurisdiction, and what we are trying to do is to figure out how to leverage our role, and by working with OMB, by working with the Government Accountability Office, by working with the Inspector Generals (IG) across the Federal Government, by working with nonprofit groups, Citizens Against Government Waste and David Walker's new organization and Pete Peterson and those initiatives, maybe together—none of us by themselves can get this job done because it is so huge, but I think by working together—these are not partisan issues. Nobody likes waste. It is not a Democrat or Republican issue. So I am encouraged by what you are doing.

Somebody said to me recently that one of the best ways to get better performance was through transparency, by being more transparent. We are actually opening up to the full light of day how well we are doing or not doing a particular job or role, then that is a pretty good way to get better results, and I think there is something to that.

With that in mind, we have, unfortunately, in the Continuing Resolution cut significantly the amount of money that is going to be available to help pay for, among other things, performance.gov and some of the tools that we have in mind that Vivek Kundra has been pushing for us to do, the Dashboard stuff and others.

I want to ask, if I could, Mr. Zients, when does OMB plan to release the final public version of the Web site, and will the schedule be affected by the Fiscal Year 2011 budget reductions to the Electronic Government Fund?

Mr. ZIENTS. Yes. As you pointed out, the Continuing Resolution (CR) did result in much reduced funding for efforts like the IT Dashboard, USAspendingperformance.gov, and these other vehicles, which I do think have a real impact on performance. The IT Dashboard looks at every major IT project across the Federal Government, to see it is performing versus costs and budget. That set us up to do the very detailed project by project review that resulted in the \$3 billion of savings and cutting delivery times in half.

So I, too, am a big believer that this transparency can help drive performance and hold us accountable. We will be able to keep most of the current sites going, but we are not going to be able to do the

enhanced functionality that begins to integrate sites and make them more user friendly and more applicable to performance with the level of funding that we have.

We do anticipate that the very early version of performance.gov will be available in the next few weeks. Getting it to the standard that the Act calls for by October 2012, will depend upon getting the funding, because it really envisions a much more robust site than the one that we will be able to make available in the next few weeks.

Senator CARPER. All right. Good.

We have been joined by Senator Pryor. Welcome, Senator Pryor. Glad to see you.

And I would just say, one of the things I was just asking them, Mark, is what we can do to be a good, full partner in this, and I think one of the ways is to make sure, if we are interested in the transparency, if we are interested in transparency driving performance, I think we need to make sure—these are very modest amounts of money, very modest. We are talking about \$20 million, which in the whole scheme of things with a government this size is like—it is very, very small.

Mr. ZIENTS. The government spends, \$80 billion a year on IT, so the idea of a relatively small amount of money to open up performance across an \$80 billion annual spend is, I think, money well spent.

Senator CARPER. Yes. I agree. All right. Senator Brown.

Senator BROWN. Thank you, Mr. Chairman.

Mr. Zients, could you tell me the top five areas you have established as having the greatest need for improvement, and can you go into detail on how the initiative will ultimately save us money, and potentially how much?

Mr. ZIENTS. I think that the top five areas are actually in Gene's second category, which are the management areas that cross all agencies. So I will start with contracting, where one out of every six dollars is contracted out. It is over \$500 billion a year. It doubled during the Bush Administration, so it had about a 12 percent compounding annual growth rate. You can imagine with that kind of growth, that there are inefficiencies. There is too little competition, so we cranked up competition. We rely too heavily on cost-plus or cost reimbursement contracts rather than fixed-price contracts, so we have set targets for moving contracts from cost-plus to fixed-price.

We purchase in the Federal Government, Mr. Johnson, like we are hundreds of small or medium-sized business, when, in fact, we are the world's largest purchaser. So we are using strategic sourcing and for the first time, really pooling our purchasing power, and office supplies is a very basic example. We are pooling purchasing power for the first time and we are saving 10 to 20 percent on the same pens and paper that agencies purchase every day.

Another area is IT, as I mentioned, \$80 billion a year. Probably to me the most important area—

Senator BROWN. Can I interrupt for 1 second?

Mr. ZIENTS. Sure.

Senator BROWN. I just want to go back to what you talked about, the office supplies issue, only because I was recently contacted by

some folks. I guess my concern is when you are doing that sort of thing and you are actually doing the bulk purchasing, which I actually have a bill that is dealing with a lot of that stuff——

Mr. ZIENTS. Mm-hmm.

Senator BROWN [continuing]. I am hopeful that when you do that, that you are not going to squeeze out the smaller business people and then have no competition to the point where you are just going to one entity ultimately——

Mr. ZIENTS. No, it is something that we are very cognizant of from the beginning, both small businesses, veterans' owned businesses, disabled businesses, and the like. Out of the 15 suppliers that are part of the final list there, 13 are not large businesses. They are small businesses, veterans' owned businesses and all the rest. So it is not to say there are not small businesses that have lost out relative to small business competitors——

Senator BROWN. Well, in Massachusetts, there are quite a few, actually. I received quite a few calls on it. So maybe offline, we can talk about it——

Mr. ZIENTS. Sure.

Senator BROWN [continuing]. So I am clear. I want to make sure that I understand——

Mr. ZIENTS. But to be clear, if you are going to do strategic sourcing and consolidate purchasing power, definitionally——

Senator BROWN. Oh, yes. No, I get it.

Mr. ZIENTS [continuing]. You are going to have a funnel. But in terms of the 15 that are on the list, 13 are small businesses.

Senator BROWN. Right. I did not mean to interrupt.

Mr. ZIENTS. No, sir. IT, as we have talked about is \$80 billion a year in spending. To me, it is probably the most important category, if you think about the year over year productivity gains in the private sector, 1.5 to 2 percent a year for the last couple of decades. IT has been at the center of those gains, those gains both in efficiency and quality. And if you were to go to a typical government operation, for the most part, you would see processes and technologies that are a decade or two old. So if we are going to drive productivity, do more with less, we are going to have to get better at IT——

Senator BROWN. I am going to interrupt you there again.

Mr. ZIENTS. Please.

Senator BROWN. Another Senator and I have already had a hearing or two on that very issue because the amount of just inefficiency and waste in that area is huge, especially with the technology that we have now. It seems like we are reinventing the wheel and the wheel is moving so quickly, we are always two or three generations behind.

Mr. ZIENTS. Yes. We have agencies that are relying too heavily on proprietary development. There is an opportunity to do shared services. There is an opportunity to leverage the cloud. So, again, I think—we are 0-for-2. We spend \$80 billion a year and we get a very low return for that——

Senator BROWN. And we are fighting about \$61 billion, remember, in the last budget round. So that just goes to show you, when we are wasting—you said we are spending, but we are also—there is a tremendous amount of waste in here that I am glad——

Mr. ZIENTS. As I said, when we went through 100 projects, we were able to reduce it by \$3 billion, and I think more importantly, halve the delivery time for those projects so they can actually start to work to increase productivity efficiency and service quality.

Another area is improper payments, one that Senator Carper has been——

Senator BROWN. We had a hearing on it a couple of weeks ago, in the Medicare and——

Mr. ZIENTS. Right, \$100 billion a year. There, we are importing from the private sector fraud detection tools that are enabling us to recapture funds. We actually piloted some of those in the Recovery Act. We are taking those to Medicare and elsewhere. Recovery audits, which Senator Carper helped pioneer, the idea of bringing in private sector firms to actually recover payments that should not have been made, \$700 million in recovery last year. So a lot of work still needs to be done in improper payments, a major area of focus, and clearly, we need to reduce waste and inefficiency there.

Senator BROWN. I just want to jump in. As you are hitting it, it is kind of triggering a few things. Is there, like, a hotline where the ordinary citizen can call in and say, hey, by the way, I am aware of all this—it may be inefficiency or waste. Is that something you guys deal with or put out there at all?

Mr. ZIENTS. Yes. I do not know the specifics. I believe there are through the Inspectors General and elsewhere, but I would need to get back to you on specific outlines. Certainly, the Inspectors General play a feature role here.

Senator BROWN. Right. I did not know if you guys had specifically anything——

Mr. ZIENTS. Another area is real property. We are the country's largest property owner, over a million properties. Already, 14,000 have been identified as unneeded. We made those public last week. But beyond the 14,000, there are tens of thousands of properties that are underutilized. It is way too difficult to get rid of unneeded property, too many steps in the process, a lot of red tape. And as I mentioned earlier, there can be political interests, too. So we are executing on \$3 billion of savings, but that is really just the tip of the iceberg. If we can get this BRAC-like process set up, I think we can save \$15 billion across the first 3 years. This is not even taking into account innovative space management practices like teleworking and hoteling that the private sector has been doing for years now.

Senator BROWN. Yes. No, that is good. I appreciate it. I just have one comment and then one last question and then I will move on. I was wondering if we could speak offline about just a couple of things——

Mr. ZIENTS. Please.

Senator BROWN [continuing]. Maybe today or tomorrow or the next day, whatever.

Mr. ZIENTS. Please.

Senator BROWN. And I was wondering, what can OMB do to ensure that the agencies create a performance culture? I know you referenced that only a handful of agencies actually do any type of review, and where all agencies are accountable and then actually rewarded for contributing to the success of the goals, not just the

senior executives, so the low-level, mid-level, every employee feels like they are part of the team.

Mr. ZIENTS. Yes. I do think you have to start at the top. I think, historically, one of the problems had been the turnover and lack of focus of political folks, and we have been working very hard to make sure that deputy secretaries and senior teams are focused on a handful of priorities. I think Senator Carper mentioned it up front. We tend to measure everything, and then nothing really matters. So I think central to the Modernization Act, and to our effort here, is to pick a number of priorities and track them relentlessly.

You are right, Senator Brown. Celebrate victories. Mid-course, correct where you are off-line. And we have the bulk of the President's Management Council now extremely focused, a few laggards who are catching up, and really driving performance at their agencies, and it is contagious. As you start to make progress and show that results can happen, it trickles down in the organization and everybody gets on board.

Senator BROWN. Thank you, Mr. Chairman.

Senator CARPER. I would just say, what I think we are getting at here is really trying to change the culture. Again, one Subcommittee does not change it, but all of us working together, because we are all in this together, all of us working together, I think, actually can. It is a little bit like changing the course of an air craft carrier. But even those carriers' courses can be changed.

The other thing we have had hearings on, and I do not know that Senator Johnson was here, but Senator Brown and I have had some hearings where we actually brought in the Department of Defense (DOD), and among the things we focused on, major weapons systems cost overruns, which are up last year about \$402 billion, up from \$42 billion a decade earlier. And what we found out is there are major gaps, where we had nobody literally at the top in the Pentagon whose job is procurement for months, in one case, 18 months, in another case for, like, 15 months. I mean, just stuff that is—no wonder we have problems in this.

We have to have continuity. Sometimes I look at the Executive Branch and it almost looks like what I call Executive Branch Swiss cheese. Whether it is the Bush Administration or the Obama Administration, that is no good. That is no good.

Senator Johnson, thanks for being here.

Senator JOHNSON. Well, thank you, Mr. Chairman.

I used the analogy earlier today, because I have a dirty garage, but if you are going to try and clean it, you start somewhere. You start in that corner. I think that is what we are talking about here, too. I mean, we have a massive, behemoth government and there are all kinds of waste and inefficiency, but you have to start somewhere and utilize those examples across the board.

I just wanted to ask a couple of followup questions on the properties. Mr. Zients, when you are talking about \$15 billion savings over 3 years, is that savings in the cost of renting those properties or is that just receipts from selling the properties?

Mr. ZIENTS. Both. We have properties that are abandoned that might not have much market value. Those, we have to either give away or demolish and save the maintenance and energy costs. The majority of the savings, I think it is about 60 to 65 percent, is in

the sale, but the other 35 percent, obviously, is important maintenance and energy costs.

Senator JOHNSON. Do you have an estimate—this is maybe getting a little off-subject, but do you have an estimate of total property, what the total receipt might be if we sold it?

Mr. ZIENTS. It is carried on the books at over a trillion dollars, but the book value is a funny number here given the market fluctuations, where some are probably worthless and some are worth much more than we carried on the book. I think the figure is high one-point-something trillion. It is \$20 billion a year of maintenance and energy expense. So that is our annual expense.

Senator JOHNSON. Again, so you can save on maintenance and you could have money coming to Treasury to fill a budget gap?

Mr. ZIENTS. Exactly.

Senator JOHNSON. Mr. Dodaro, you were talking about oversight hearings. One thing I have learned in business is I have generally received better results trying to be positive, but when that fails, I mean, you have to get negative. Can you just talk to me a little bit about how you would envision those oversight hearings? I would imagine, again, talking about that corner of the garage, you would try and use examples, correct, to highlight it, and then maybe other agencies would start toeing the line?

Mr. DODARO. I would use examples of the two areas that came off the High-Risk List. First was the personnel security clearances. It was taking a huge amount of time, months, right after September 11, 2001 to get people their security clearances. So we put it on the High-Risk List. Congress imposed some metrics including the Deputy Director for Management. OMB, the Office of Personnel Management (OPM) and DOD got involved and they brought that metric down over time to less than 60 days to process the original clearance. There were clear goal and metrics. Congress had discussions. It was a constructive process.

The same thing happened with the Decennial Census. That got off-track for this last 2010 Census. We put it on the High-Risk List in March 2008, out of our normal 2-year cycle, because we were concerned. We gave a lot of specific recommendations. Commerce got involved. The Congress got involved. Senator Carper and this Subcommittee, a lot of hearings were held. They brought it down on track. An IT project was out of control on these hand-held devices, and they were able to do it.

So my belief is—and I have participated in a lot of oversight hearings over the years—that I think when there are clear priority goals, clear metrics, Congress can play a very constructive role in keeping the agency on track, and this is particularly important because of the lack of continuity on an issue that might occur in the Executive Branch, both within Administrations and across Administrations, and that is why we have maintained our High-Risk List, since 1990 across Administrations so that we can keep the focus on trying to move forward in these areas.

So it is a very positive thing and it could focus on accomplishments in terms of achieving results. For example, Senator Voinovich said he would actually come back from Florida from vacation if we took the personnel security clearances off the High-Risk List. He ultimately decided the weather was better in Florida

than it was here, but I think those things can happen. So those are just two examples. I could give you more.

Senator JOHNSON. OK. We talked a little bit earlier about congressional action. Would either of you envision with either of your agencies recommending for sunset certain programs, a list that Congress could then act on? Is that kind of in the offing?

Mr. DODARO. Yes. The GPRA Modernization Act calls for OMB, after programs do not meet their goals over a 3-year period, to recommend termination, redefining, or some other action. So that concept is built into the Act. I think that is healthy.

I think there are normal reauthorizations that are supposed to occur already in programs, but they are typically postponed. No Child Left Behind, for example, is up for reauthorization, as are Head Start programs. So I think that the idea of regular reviews is a really good idea. It is a healthy idea and it ought to be implemented effectively.

Mr. ZIENTS. The President each year in his budget puts forward terminations and reductions as a separate volume. Last year, or for the Fiscal Year 2012 budget, it was over \$33 billion and 200 different programs. Now, some of those have been on the list for quite some time across different Administrations. We would imagine those efforts ramping up even further in this fiscal environment, and the Federal cross-agency goals that the Act calls for will certainly be in these areas of duplication and overlap and we would envision finding programs that are less effective that either need to be turned around or terminated as part of that effort.

Senator JOHNSON. As just a basic estimate, how many of those programs need congressional action versus just that could be terminated by the agencies themselves?

Mr. ZIENTS. I think that most—the vast majority of them need congressional action.

Mr. DODARO. Yes, I would agree.

Senator JOHNSON. OK. So we need those lists.

Mr. ZIENTS. Yes.

Senator JOHNSON. You talked about cross-agency action. Is there any kind of clearinghouse for just best practice methods within government?

Mr. ZIENTS. Yes.

Senator JOHNSON. Across the management sphere?

Mr. ZIENTS. Yes, and that absolutely is something I am a big believer in. My private sector work was sort of centered around best practices, the basic theory being that some executives or some organizations are further ahead on certain issues and others can benefit from that.

The senior-most management body, the President's Management Council that I talked about earlier, is a clearinghouse for best practices at the senior-most level. We also have councils in each of the functional areas. There is a Chief Acquisition Officer Council (CAOC), a CFO Council, a Chief Human Capital Council, and so on across the major functional areas, and we have ensured that those become primarily best practice clearinghouses, what is working, what is not working, how can we work together more efficiently.

Senator JOHNSON. I was going to say, how well are those utilized?

Mr. ZIENTS. I think increasingly well, and that has been one of our priorities. There is some variability. The way that we have tried to make sure those councils have a high return is to ensure that the senior-most people are there, and in order to get the senior-most people there, you have to have agendas that matter, and we have found that the sharing of best practices on important issues with real granularity and analytics to support them is the way to get people there and to find that the council is a good return on their time.

Senator JOHNSON. I cut you off. I am sorry.

Mr. DODARO. That is fine, Senator. I would say the functional councils and the sharing of best practices work fairly well. They could be better, and we have made some recommendations. But where there are not really good processes in place are in individual program areas.

For example, we found in our report on overlap and duplication there were 82 programs focused on improving teacher quality across 10 different agencies, and there really was no process there to coordinate. There are multiple programs trying to provide assistance to the disabled and there is no real regular forum for that. So when these individual programs are run by different agencies—there needs to be more of a focus.

Now, the GPRA Modernization Act requires OMB to designate a few cross-cutting goals, but it also requires agencies to identify for their programs who else they should be coordinating with. And so if that part can be implemented effectively, I think you can have a more comprehensive approach, the coordination could ferret out a lot of this overlap and duplication by having the dialogue within the Executive Branch itself.

Senator JOHNSON. OK, thank you Mr. Chairman.

Senator CARPER. Thank you.

Before I yield and recognize Senator Pryor, I just want to mention, in the National Governors Association (NGA), we actually had a Center for Best Practices and there was a clearinghouse for good ideas that worked from A to Z, and the States that were doing a particularly good job, thought they had something to offer, would submit their best practice to the clearinghouse and provide contact information. If other States wanted to find out what was working, reduce recidivism, reduce welfare, reduce drop-out, all kinds of stuff, and improve educational outcomes. Tommy Thompson, your former Governor, was one of the real heroes in getting that started and I enjoyed very much working with him on that.

The other thing that came up in, I think, this exchange between Senator Johnson and our panel, about the President submitting a list, I think in the budget, of programs that could be maybe—the President and the Executive Branch would suggest being terminated. A lot of times, the President, whether it is submitting rescission proposals, reducing spending or sending spending, a lot of times, they are sent to us by Republican Presidents and Democratic Presidents, we just ignore it and we never vote on the rescissions.

One of the things that a number of us on this panel have suggested is not that we give the President carte blanche. I am not interested in giving the President the kind of powers that the Congress was willing to give to the former President Clinton, nothing against him, but basically what was in the 1996–1997 line item veto bill that has really shifted powers enormously from the Legislative Branch to the Executive Branch. I am not interested in doing that. But the idea of saying that somebody needs to be held accountable, and the President and the Congress and the partnership need to be held accountable for programs that need to be basically eliminated or greatly reduced or spending needs—we should have to vote on that stuff and not ignore it.

And the last thing I would just say, I think, as Mr. Dodaro, who mentioned the Census Bureau, and we had a huge run-up in costs of the Census. We could do it again if we do not figure out how to use technology to do a much better job in holding down costs, maybe social media, as well, social networking.

One of the big problems there, going back to Executive Branch Swiss cheese, we have—in the Census Bureau, we had three different Census Bureau Directors in the 27-month run-up to the Census—three. That is—no wonder we had problems. One of the things we are trying to get done is to change the law, and it comes literally through our Committee, and we discussed this a couple of weeks ago when we were doing a mark-up, and I think you and I are very much of a like mind on this. But we said the Census Bureau Director should have a 5-year tenure. We do that with the Internal Revenue Service (IRS) Commissioner. That way, you do not have to worry about, when you are doing the run-up to the Census, well, you are going to have two or three different Census Directors. That is just crazy. So there is a lot here to chew on, I will tell you.

Senator Pryor, we are delighted that you could join us here. Thanks.

Senator PRYOR. Thank you. Thanks for doing this. This is very helpful.

Mr. Dodaro, let me start with you, if I may. You have said a few things. You have never used the term “zero-based budgeting,” but I feel like you are in the zone on that. Would you support a zero-based budgeting approach on the Federal level?

Mr. DODARO. Well, again, there have been a lot of different approaches tried in the past, and there are some limitations to the zero-based approach, of going back and trying to build it from the base on up. I am a big believer, though, of reviewing what is currently there and beginning to pare back and to try to focus on core responsibilities. There needs to be a regular review process and it needs to have something in it that has some staying power.

Senator PRYOR. Should the review come from the Executive and the Legislative?

Mr. DODARO. Yes, I believe.

Senator PRYOR. I do, too. The reason I am interested in zero-based budgeting is because around here, a lot of times, we start with last year's budget and then we kind of tinker with it from there and usually we tend to add. You kind of start with a cost-of-living, inflation-type adjustment and you go from there. That is how it starts.

But it seems like part of the review, at least, not even every year but for every agency, every 5 years or whatever it may be, take them back to zero and justify everything. I know that probably would add to your workload and probably add to our workload, as well. Through the authorizing Committees and the Budget Committee here in the Senate, we would have to figure that all out. But I think it is something that is worth fuller discussion, so I appreciate your thoughts on that.

Mr. Zients, you mentioned contracting a few moments ago. In fact, you started to give your top five list. Did you ever get through your top five, or do you have a top five?

Mr. ZIENTS. I definitely ran through contracting, information technology, improper payment, real property, so I got four out of five.

Senator PRYOR. Do you have a fifth?

Mr. ZIENTS. It is probably the people side, in that performance ultimately needs to be driven by people.

Senator PRYOR. OK.

Mr. ZIENTS. We are obviously in a tight period of time. At the same time, we are going to need to be hiring new people, and you are not going to get the best and brightest when it takes you 140 days to hire someone. So bringing down the hiring time has been a top priority of mine and Director Berry's, and we have actually made good progress there, making sure that we are ramping up the performance management is also important. So the people would be the fifth category.

Senator PRYOR. Let me ask you about contracting. I think you said one in every six Federal dollars goes to a contractor, somehow, some way.

Mr. ZIENTS. Mm-hmm.

Senator PRYOR. When I look at an agency that does very important work, like the U.S. Army Corps of Engineers (USACE), in my area of the world, they engineer that levee system that is holding right now. It is under great stress with all the water running through the Mississippi. It just seems that when they do a contract, it takes so long and it is so expensive. And I understand, to some extent, they want to over-engineer things, and I get that, because they are doing things for the long haul. They are more or less permanent and do not need that much maintenance. And so I think they do a good job in the engineering phase.

But that would be one example. It is so expensive and takes so long to do some of that, and I am curious about your thoughts. First, is my perception correct? And second, I am curious if that is a function of bureaucracy and added requirements that just do not exist in the private sector. Why does it seem that government agencies take much longer than private sector and are much more expensive than the private sector?

Mr. ZIENTS. I cannot comment on the level of the specific agency—

Senator PRYOR. Right—

Mr. ZIENTS [continuing]. But across government, it is definitely an issue in terms of the complexity of the process. I think there are opportunities to leverage technology here, also.

At the end of the day, though, it reminds me a little bit of, Senator Carper, your observation about the money that can be spent on transparency a relatively small amount given the \$80 billion in the IT example. The same thing here in contracting. We really do not have the capabilities or the capacity in the contracting workforce, both in terms of setting up the bid process and then overseeing contractors once they are selected. More importantly, in a very fiscally constrained environment, I would argue that a little bit of investment in the capacity and the capability of the contracting officers could have a big return on the \$535 billion a year we spend on contracting. So it does lead to a process that too often is too slow, not competitive enough, and relies too heavily on cost-plus contracts as opposed to fixed-price contracts.

Mr. ZIENTS. I think, Senator, broadly speaking to contracting and not just to the Corps, one of the most common problems that we find in looking at contracts is the lack of setting definitive requirements up front. Many times—and things are allowed to proceed through the different phases without having technology matured, a good idea of exactly what the costs could be. This leads to cost overruns over a period of time. And also, we found in many cases, when the contractors were not performing, they were still awarded fees—

Senator PRYOR. Right.

Mr. ZIENTS [continuing]. For performance. Now, we are trying to correct that within the Administration. But the lack of definitive requirements up front is a common problem that starts on a bad path.

Senator PRYOR. Yes. I used to serve on the Armed Services Committee and periodically the military would issue a bid of some sort and then change the requirements midway through the process. Then they would change them again, and then before you know it, they would change them again. It really just prolongs and adds a lot to the expense.

Let me ask about IT. I know that is very important and I like everything you said on it. Is that an area where you have to spend more money to get more efficient?

Mr. ZIENTS. No. I think it is an area where we should be thinking about how can we leverage technology to make processes more efficient and raise quality at the same time. But given we spend \$80 billion a year right now and we do not spend it very well or very effectively. Too often, projects run 5, 6, or 7 years before they deliver any functionality or—

Senator PRYOR. There is a lot of contracting there, right?

Mr. ZIENTS. A lot of contracting there, yes.

Senator PRYOR. Yes.

Mr. ZIENTS. And at the same time, we need to have competent professionals in-house to oversee any contracting activities or to do work themselves. So I do not think it is an area, given how much money we spend, that we need to spend more. We have to spend it much more effectively than we currently do, and as we have talked about in the 100 projects that we have gone into great detail on, we actually think we can save money and bring forward functionality at the same time.

Senator PRYOR. And tell me about these 100 projects. How did those get selected and what did you find there?

Mr. ZIENTS. These are larger projects, with bigger dollars, that were identified by the IT Dashboard, the transparency vehicle, as being behind schedule or over budget. And what we did is we got OMB and senior leadership from the agency in the room, not just IT folks but business line leaders who are actually going to ultimately be responsible for deploying the technology and using the technology, to go through the project to see what is working, what is not working, what functionality is nice to have versus need to have. How do we streamline this? How do we get deliverables in 6 or 8 months rather than 2 or 3 years? Where can we save money?

Senator PRYOR. Right.

Mr. ZIENTS. Where do we just terminate the project altogether, because now we know enough to realize that there is another technology out there that can leapfrog this that is less expensive and we are throwing good money after bad to continue on this path.

Senator PRYOR. Yes. I would say one of the real challenges we have in the Federal Government is partly because of the size and partly because of the culture and other reasons. The Federal Government is not known for being nimble, and IT would be a good example of where it needs to become much more nimble because IT changes so quickly.

Mr. ZIENTS. And the budget, the way we budget in the Federal Government—

Senator PRYOR. Right.

Mr. ZIENTS [continuing]. We are budgeting years in advance for technologies that change every 18 months.

Senator PRYOR. So any suggestions or recommendations you can make to the Subcommittee to let us become more nimble or more flexible, so we can become more efficient and get more bang for the tax dollar, would be of interest to us.

Mr. ZIENTS. Good.

Senator PRYOR. Thank you all for being here. Thank you, Mr. Chairman.

Senator CARPER. Thanks so much for those points and for joining us today.

I think it was Senator Tom Coburn a couple of years ago, and I think he had just gotten to the Congress, I think it was about 2005. Barack Obama was a new Senator from Illinois. One of the things that Tom Coburn started encouraging us to do was to try to provide greater transparency in Federal spending. The effort and its actual implementation has not been perfect. It has been, I think, somewhat flawed, although we are trying to get better and I think maybe we are. But I mentioned earlier how important it is for the Subcommittee to sort of leverage our job to do oversight with OMB, with GAO, with all the Inspector Generals, with a bunch of nonprofit organizations that are focused on government waste.

One of the great ways—it has just dawned on me fairly recently that, and Senator Coburn came up with it a lot sooner than I did, but a great way to leverage our collective efforts is by really investing a relatively small amount of money in ensuring that there is transparency. And what we do in doing that is enlist not just us,

not just the Legislative Branch, not just the Executive Branch in terms of trying to police inefficient spending, but anybody who wants to go online, including the media or other folks who can go online, and the potential there is actually rather substantial and we are starting to see some payoff from that. So I hope we continue to do that.

Senator PRYOR. Mr. Chairman.

Senator CARPER. Yes, sir?

Senator PRYOR. Speaking of Senator Coburn, who served on the Debt Commission, there is a story that I have heard some of the Debt Commissioners say. I do not think I have heard Senator Coburn say it. When they sat down with the Department of Defense, they asked the DOD how many contracts they had and they could not answer that question. I do not know if that particular person could not answer it or if the agency just really does not know because it is so big, but that is a telling revelation. DOD is so enormous, but you just get the impression that they really are not on top of this. They may be trying, but I do not think they are there yet.

Senator CARPER. Yes, and our hands are not clean. I mentioned earlier in one of the hearings that we had, I think it was on C5M, aircraft modernization, and we were looking at for what extended period of time there are vacancies for some of these senior acquisition positions. One person said 18 months. It was 18 months between the time his predecessor left and when he was confirmed on board, and once he got on board, he had six direct reports. Only two of them were full.

And then the fellow, Frank Kendall, who came in and testified for us last month, testified I think he was waiting, like, 15 months to be confirmed. I mean, this system, if it is not broken, is mighty close to it. It is mighty close to it.

All right. I have one last question, and if I can, this is a question for Mr. Zients. I think during the President's State of the Union Address, President Obama called for reorganization of the Federal Government to merge and consolidate overlapping and duplicative programs. He appointed you to head up these efforts and asked for you to report back to him in 90 days. We have, I think, less than a month until we hit that deadline. I would ask you to give us just a brief update on these efforts and how they are progressing, realizing you have another month to go. But specifically, do you think you will be able to meet that June 9 deadline, and what sort of report might we expect to hear from you at that time?

Mr. ZIENTS. Yes. Thank you. The place that we are focused initially is on trade exports and competitiveness, so those agencies that help businesses compete. We have spent a lot of time. We have done over 250 meetings with current agency leadership, front-line employees. In fact, we created a Web site for front-line employees to give their ideas on how we might be more efficient, more effective, and so they can share what is working and what is not working. We have been out and about with former cabinet members and agency leaders. We have met with GAO.

But I think, most importantly, we have spent a lot of time with the customers here, which are the small, medium, and large businesses that call on these agencies to help them in their efforts to

compete both domestically and abroad, and we do see inefficiencies. We see confusion in the marketplace. So we do see opportunities here to get more streamlined and to, I think, both be more efficient, and most importantly, more effective in helping businesses compete.

Yes, we are on target to hit our June 9 deadline. We have a lot of work ahead, but we have a good base of facts and opinions to pull together for recommendations to the President.

Senator CARPER. Good. Thanks. Senator Brown.

Senator BROWN. I just have one final one, Mr. Chairman. I know you keep referring to the State of the Union. Do you remember who you sat next to?

Senator CARPER. I think I sat next to Senator Thune and some guy from Massachusetts. I forget his name. [Laughter.]

It was not Kerry, though. I remember that.

Senator BROWN. I am glad you recall so much from that evening. [Laughter.]

So, Mr. Dodaro, I do not want to let you feel left out here. I know in 2008, before the Subcommittee, GAO testified that only half the Federal managers reported even having efficiency measures. I note that we had a hearing, Senator Carper and I, on just the Census Bureau, how those costs rose from \$8.2 billion in 2000 to over \$13 billion in 2010, and actually, the results were not even as good as yesteryear.

Are we measuring the right things? In these times of fiscal constraint, is it not imperative that we determine how efficient Federal agencies are with the taxpayer dollars, and how do you think we can achieve that?

Mr. DODARO. I think you are definitely right. I do believe that there needs to be more attention to the cost of delivering levels of performance, and this is something that we want to monitor, and we are going to do as part of our evaluation role under the Government Performance and Results Modernization Act. It is one thing to focus on results and see what is actually being delivered, but what is the cost to achieve that level of results and can it be achieved at a lesser cost?

So that is definitely something that we are focused on. It is something that I believe the Administration needs to be focused on. It is why financial management reform is very important, because in a lot of cases, the government does not have reliable cost information that it needs to make those type of decisions.

Senator BROWN. Great. Thank you.

Senator CARPER. Gentlemen, fortunately for you, your time has expired.

Mr. ZIENTS. Thank you.

Senator CARPER. We are just deeply grateful, not just for your testimony today and responding to our questions, but really grateful for the work that you and the folks around you are doing.

We are all in this together, and this is not just OMB, this is not just GAO, it is not just this Subcommittee. We are all in this together. One of the things that we need to do is just work like a team. I think I am encouraged to see that maybe we are. Hopefully, we will have to show for that results, and results for maybe less money, and that is what our goal is. Thank you so much.

Mr. ZIENTS. Thank you.

Mr. DODARO. Thank you.

Senator CARPER. Panel two. This is the panel that everybody has been waiting for. I am happy to see you. Thank you for sitting through that panel one until they finally finished up. No, I thought that was just a great first panel.

The first witness on our second panel, Mr. Robert Shea, the former Associate Director for Administration and Government Performance at the Office of Management and Budget. Mr. Shea, I am told, led President George W. Bush's Performance Improvement Initiative and administered the Program Assessment Rating Tool, affectionately known as PART. Before that, Mr. Shea served as counsel to this Subcommittee. Is that true?

Mr. SHEA. That is true.

Senator CARPER. When were you counsel to this Subcommittee?

Mr. SHEA. Nineteen-ninety-seven to 2000.

Senator CARPER. OK. That was when I was laboring as Governor, so I did not get to work with you then, but thanks for your service. That was when this Subcommittee was known as Government Affairs and you worked with Senator Roth and a bunch of others, probably John Glenn—

Mr. SHEA. Senator Thompson.

Senator CARPER. Yes, there you go. Glad to see you. Thanks for your work then and thanks for being with us today.

Our next witness is Dr. Paul Posner. Is it "pose-ner"?

Mr. POSNER. Posner.

Senator CARPER. Posner. Do people ever call you "pause-ner"?

Mr. POSNER. They do, but it is wrong. [Laughter.]

Senator CARPER. What do you say when they do that? Do you correct them?

Mr. POSNER. It depends on who they are.

Senator CARPER. OK. [Laughter.]

Well, here today, for our purposes, Dr. Posner, Professor and Director of the Public Administration Program at George Mason University. Dr. Posner is the former President of the American Society for Public Administration. How do you get elected President of that? Do you campaign? How do you do it?

Mr. POSNER. Lowest common denominator.

Senator CARPER. All right. You are not, like, selected when you are out of the room, is that—

Mr. POSNER. That is exactly true. Do not leave the room. [Laughter.]

Senator CARPER. All right. But former President of the American Society for Public Administration. Before entering academia, he worked with GAO for over 40 years.

Mr. POSNER. Fourteen.

Senator CARPER. No, I am just kidding, 14. Fourteen. Good. Who was Comptroller General when you were there?

Mr. POSNER. Chuck Bowsher and Dave Walker.

Senator CARPER. All right. Good. Two n'er do wells, right? No, they are great guys.

Our final witness is Mr. Jonathan Breul, Executive Director of the IBM Center for The Business of Government. Mr. Breul formerly served at OMB, where he led efforts to reform government-

wide management policies, among other responsibilities. When were you there?

Mr. BREUL. Nineteen-eighty to 2002.

Senator CARPER. Oh, that is a long time. You were at OMB for all those years?

Mr. BREUL. Yes, indeed.

Senator CARPER. Where you saw how many Administration fights? There were at least three, maybe four.

Mr. BREUL. Ronald Reagan—

Senator CARPER. Reagan, so George Herbert Walker Bush, Clinton, and George W. Bush. That is four. You saw it all. Well, good. You probably heard a lot of this before and you can help us cut to the chase here today, so that is great.

Gentlemen, your entire statement will be made part of the record and we will allow you, if you would like, just to summarize. If you go over 5 minutes a little bit, that will not be bad, but if you go over it a lot, I will have to rein you in so we can get done and go vote later today.

All right. Mr. Shea, you are up first, so please proceed. Thanks a lot.

STATEMENT OF ROBERT J. SHEA,¹ FORMER ASSOCIATE DIRECTOR FOR ADMINISTRATION AND GOVERNMENT PERFORMANCE, U.S. OFFICE OF MANAGEMENT AND BUDGET

Mr. SHEA. Thank you, Senator. Thanks for having us this afternoon. My name is Robert Shea. I am a Principal at Grant Thornton. Grant Thornton provides expert performance management advice to major Federal departments and agencies as well as State and local governments.

I am proud to talk about effective ways to implement the GPRA Modernization Act before the Subcommittee that enacted the first GPRA almost 20 years ago. The new law builds on progress made and enhances the tools we have to improve the government's performance. For it to be successful, though, Congress must ensure the Executive Branch appoints leaders who understand the power of performance information and are not afraid to use it to transform organizations. Congress should take an active role in ensuring the provisions of the Act are implemented urgently, and as intended. Agencies must be held accountable for taking the Act's requirements seriously and invest the time, effort, and resources required to make them work.

The first GPRA was a key milestone in the transition of government from one that measures activities or outputs to one that measures outcomes and evaluates impact. Despite the progress, though, still not enough of our time in government is focused on assessing whether goals are being achieved, and if not, what to do about it. This new Act provides an excellent framework for ensuring greater focus on what works, what does not, and what we can do to improve.

The most critical element in an organization's implementation of the Act will be leadership. In a performance improvement officer survey that Grant Thornton recently conducted in collaboration

¹ The prepared statement of Mr. Shea appears in the appendix on page 73.

with the Partnership for Public Service, leadership was often cited as the key to the success of an agency's performance management improvement efforts. I have a copy of that survey for the Subcommittee should you like it. Leaders can ensure that initiatives like this Act will not become just another compliance exercise. They are in the ideal position to harness the energy and creativity of the workforce to identify improvements.

Party loyalty and policy familiarity should take a back seat to questions of managerial expertise and past success when choosing leaders for these important positions. Leaders with strong experience in managing successful organizations should either have direct experience with or at least be able to sift through countless management improvement initiatives thrust on agencies. These abilities will enable them to put together accountability mechanisms that fit the environment in which they are working and address their highest priorities.

There is a tendency, especially in government, not to want to report performance information if it will highlight failure or poor performance. In our political environment, the opposition to transparency is based in part on the fear it would put the organization or its political leadership in a negative light. But if we want to achieve important objectives, clear outcome oriented goals and honest, accurate, and timely data are critical. Congress should give agencies clear feedback on what goals are important and assess the timeliness, accuracy, and usefulness of publicly reported data.

I hope the Committee is consulting closely with OMB on what guidance agencies will receive. I hope the Committee engages OMB in a constructive dialogue on just what it meant when it wrote the law and what it expects in implementation. The Committee should hold OMB's feet to the fire—easy for me to say now that I am no longer there—to ensure the tenets of the new law are implemented faithfully and constructively. A strong partnership between Congress and OMB in this implementation is critical.

Using performance information and decisionmaking does not come naturally to the Federal Government. There is a tendency to measure things that are easy, but there is no limit to the use of reliable performance information given that Federal agencies have been collecting it now for so many years.

The GPRA Modernization Act makes it clear that agencies are responsible for using data to manage and report in a transparent manner for public consumption. The quarterly review process can greatly improve agency attention to performance, but the public Web site required of the Act should include candid, actionable data on progress toward reported goals that is meaningful to the public at large.

I want to highlight a number of Administrative initiatives that I think will really enhance implementation of the Act. One is the Administration's Administrative Flexibility Initiative, which has the potential to improve collaboration among like programs trying to serve similar constituencies. A February memo and OMB guidance issued last month gives detailed guidance to agencies on how they should identify and implement greater flexibility to reduce unnecessary burdens on State and local governments in order to improve the achievement of common outcomes. If implemented as in-

tended, this initiative can vastly improve cross-agency and cross-government collaboration.

Another important Obama Administration initiative is the one that focuses on more rigorous evaluation of program impact. The Evaluation Initiative promises to vastly expand the body of evidence we have with which to judge what works and what does not. Many programs, when subject to such evaluation methodologies, will not live up to their promise. Without such evidence, however, programs are implemented blindly without knowing their intended impact.

In short, the Act is an important milestone in our ongoing quest to make government more efficient and effective. This Committee played an important role in GPRA's early success and can play an even more constructive role today. Assigning accountability for improved performance and outlining transparency requirements can go a long way toward improving program success. If Congress and the Executive Branch work together to provide active, persistent oversight, the potential benefits of this effort are enormous.

Thank you, Mr. Chairman.

Senator CARPER. Thank you, Mr. Shea. Dr. Posner.

STATEMENT OF PAUL L. POSNER,¹ PROFESSOR AND DIRECTOR, PUBLIC ADMINISTRATION PROGRAM, GEORGE MASON UNIVERSITY

Mr. POSNER. Thank you, Mr. Chairman. The 14 years I was at GAO, I led GAO's work on the Federal budget and performance budgeting and I had the opportunity to look over both of their shoulders at OMB.

I think the first thing to say, because there is a lot of cynicism about government these days and always in our republic, is this is a success story and we should not forget this. The conventional wisdom is we will never make progress and reform is a fool's errand. We are destined to a series of stops and starts and reinventing things all over again. If you are a bureaucrat, you can hide under your desk and wait for the next one.

Performance Management and budgeting has not experienced that. We have had 17 years, as you indicated, of sustained progress through three Administrations with different kinds of foci. The Clinton Administration initiated the reform with passage of GPRA. It was focused on the agencies and getting the plans up. The Bush period marked a new way of getting the President to focus on performance through his budget process. The Obama Administration GPRA Modernization Act is kind of looking more at high-priority goals and working, preparing to implement the Act. But each one, I think, has kept to some extent the momentum.

The problem is, momentum can easily be lost. We have seen some real changes in places like the Coast Guard, the Food and Drug Administration (FDA), the Veterans Health programs that have saved lives because of more analytic approaches to data. But progress is difficult. We throw a lot of goals at agencies. The Forest Service has to cut wood, protect the spotted owl, and protect every American's God-given right to ski on Federal lands. Those are

¹ The prepared statement of Mr. Posner appears in the appendix on page 78.

sometimes incompatible, and we throw that on agencies and expect them to come up with it and sometimes it is difficult to reconcile those.

It is difficult to measure outcomes, as we know. The Federal Government is not like a local government. It does not repair potholes. It sometimes delivers the mail and Social Security checks, which are easy to measure, but most of the time, it delivers subsidies, which are leaky buckets where we are delivering 5 to 10 percent of the action and we are expecting results. And how you do that through six layers of delivery in our complicated system is very difficult to track and measure.

So it is understandable progress is slow. It is difficult. It is difficult to get agreement. It is difficult to even specify what impact you are having, and attention is often diverted, and that is why I think this Modernization Act came at the right time, because I think, periodically, we need to reenergize Federal agencies and the Congress, and this, to me, gives an opportunity to do that.

In doing so, I think there are going to be some balancing acts. In some ways, we have had the supply lead the demand. Federal agencies have been remarkably persistent in producing information, performance, and plans that we never had before, but at some point in time, you lose the momentum if Congress and the Administration and other actors in the system fail to use it. And I think what we are trying to do is move from a passive approach to a more active approach with OMB working more actively with agencies and, hopefully, Congress to instill that sense that there is somebody listening.

I think there are tensions between different users. The agencies have assembled telephone books of reports that, frankly, lose value and interest for most of us, and somehow, we need to kind of re-instill the interests of top-level decisionmakers and policymakers in performance. We are going to have to, frankly, find a balance between the high-priority goals, which hopefully will instill interest among top-level people, and doing the regular work of government that is not so glamorous but is important with performance, as well.

Frankly, we need a balance between different kinds of accountability and leadership. The Act, as has been noted, puts new central leadership on the point on this, with the COOs and the performance officials and things like that, and OMB has a strong role. But we also need to remember that, fundamentally, as you indicated, really instilling a long-term commitment to performance involves instilling a culture of learning and innovation in these agencies, and you do not do that from the top down. You do that from the bottom up. So how can top down managers instill, in some way counterintuitively, the will to manage, the will to change at the local level? OMB has been saying some good things lately about networking, about providing information and best practice to enable others to kind of manage more innovatively and things like that.

The final point I wanted to make is the cross-cutting feature. This is really new, and it is something that was in the old GPRA Act that nobody ever did anything about and I used to complain about it, but now I realize, I think you have to crawl before you

walk and run. The question is, are we ready to run, because, essentially, when you focus on outcomes and extend it through, you cannot just contain it to one agency. Outcomes spread across our government, it is spread across levels of government, the private sector, whether it is homeland security, food safety, and the like.

I am working with Steve Redburn, who is here, with the New America Foundation, on a project we call portfolio budgeting, which has been done in the Netherlands and Australia, where you are trying to reframe the budget process away from a focus on agencies and programs toward the portfolios of programs and tools we use to achieve common goals. That is going to be a major undertaking. It is counterintuitive. It in some ways involves a personality transplant for both the budget process and the executive and certainly in the Congress. This involves first of all, focusing on a vital few areas to start the ball rolling, working absolutely collaboratively with the Congress and the Committees and OMB and facilitating those interactions, and integrating a look across policy tools, not just focusing on spending, but the tax expenditures, which, now have greater value than discretionary spending. So when you look at housing, for example, efforts to encourage housing, you have to look at tax expenditures and spending at the same time. We do not have Committees that can do that. It is very difficult even for the Executive Branch to bring Treasury into the OMB process to do that.

How can we achieve more integration and partnership? This reform was initiated in the Clinton Administration where they attempted to initiate a management focus in budget examiners by eliminating the management branch. In so doing many of us worried that we would lose the cross cutting capacity in OMB. A number of us—I testified up here on the OMB 2000 back in the Clinton Administration, where we instilled the management focus really in the budget examiners and we kind of lost some of the cross-cutting capacity at OMB. Thanks to people like Jonathan Robert, they kept the light on. I think now we are starting to build that capacity back up. We absolutely need that to carry out this Act.

And finally, ultimately, Congress, to me, is the keystone for making everything happen, and in my testimony, I talk about three models. One is collaboration, which I just talked about, where when OMB and the President select these cross-cutting goals, Congressional Committees like this one have to be at the table.

No. 2 involves, oversight coordination. When we did some studies with GAO on State performance budgeting, one of the things we found, for example, in Arizona, is they had two or three goals that drove their whole oversight process in a given year. One was juvenile delinquency, and they had all their committees focusing on that with the goal of reauthorizing those programs. Obviously, we are not a State legislature here, but the question is can we do more to coordinate our oversight.

And finally, the congressional budget process itself, I think, offers significant opportunities. It is the one time Congress looks at the whole picture and they use budget functions which are already kind of performance mission related. I think the question is, can we make the congressional budget process about performance as well as budgeting? Can we really integrate that in the Budget

Committee? Senator Warner has led a task force. I think it opens up some opportunities. Clearly, there are tremendous tests to get these cross-cutting areas off the ground and sustain them. It is a real test for our system of government, in some sense.

Thank you.

Senator CARPER. Well, you gave us a lot to chew on there. Thank you so much, Dr. Posner. All right. Mr. Breul.

**STATEMENT OF JONATHAN D. BREUL,¹ EXECUTIVE DIRECTOR,
IBM CENTER FOR THE BUSINESS OF GOVERNMENT**

Mr. BREUL. Thank you, Mr. Chairman. I am pleased to have the opportunity to talk to you this afternoon. The GPRA Modernization Act is an important recommitment by the Congress and the Administration to results-based management. It builds, as you noted, on the Government Performance and Results Act of 1993, which I had a hand in developing and then had quite a hand in leading the governmentwide implementation at OMB for many years. Based on that, I want to highlight for you three very important arrangements that are in this new law that are codified for the first time.

One is a significant but so far very little noticed provision which requires the designation of Chief Operating Officers. Management responsibility is now assigned to an agency—a position of political leadership, primarily at the deputy secretary level. The COO position now elevates management to a level where both policy and management report. It brings them together in a nexus where they can really get traction in the department. And this new provision in law now provides both an incentive and a discipline to seek people with the right qualifications for this job.

Going forward, therefore, I think Presidential Personnel is going to have to be explicit about the COO's job expectations when they start recruiting deputy secretaries. Whenever possible, in addition to the substantive experience, they should be seeking deputies that are genuinely interested in management, and importantly, possess experience in managing very large organizations.

A second provision that has not received much notice to date is one that codifies the designation of agency Performance Improvement Officers and statutorily authorizes the Performance Improvement Council (PIC). The new law codifies these positions and defines some duties for the Council, which is modeled on a number of other successful Federal management councils that are in operation today. With this structure, Performance Improvement Officers now have a platform to share best practices across government and the law now allows the Council to develop an interagency staff. And in addition, the Council will now assist the Director of OMB in carrying out his responsibilities for governmentwide planning and reporting.

Now, if organizations treat their goals merely as words on paper and something used in the paper requirements for strategic and annual plans and they are never mentioned by managers, few of these goals are going to have anyone pay any serious attention to them. For this reason, the Act requires a third institutional change, which is that agency priority goals now have to have a clearly iden-

¹ 1The prepared statement of Mr. Breul appears in the appendix on page 91.

tified official known as the Goal Leader, responsible for achieving that goal. It is going to become the Goal Leader's responsibility to help motivate, cajole, and, if necessary, pressure agency officials to actually get on and begin achieving these results.

And I would suggest that taking these three provisions together is going to be a significant step to heightening the profile of management improvement and providing the leadership needed to achieve real results in the agencies, both on an agency level and for the cross-cutting requirements on a governmentwide level.

However, simply having these institutional structures and leadership is not sufficient. In the face of the mounting complexity, fact-based decisionmaking is going to be more important than ever to drive decisions. Today, most agencies spend more time collecting and organizing information than they do analyzing it.

A recent report that Robert mentioned indicates from a Performance Improvement Officer in one agency, quote, "We are good at collecting data, but not so good at analyzing it." Analytics competency is a game-changing management innovation. It consists of tools and techniques to make data consumable, insightful, and predictive. It enables smarter decisions and consequential actions that improve results.

I would suggest that with help from OMB and Congress, agencies need help to build their performance management capacity, including embracing analytics as a core management capacity.

As you know, Senator, mismanagement is often the only type of management that gets attention on its own. Good government efforts usually remain hidden in relative obscurity. Persistent attention and persistent followup is going to be required to build on the new Act and to make performance management and performance information useful and used. The Administration cannot improve the Federal Government's performance and accountability on its own. It is a shared responsibility and it must involve the Congress.

Thank you, and I would be happy to answer your questions.

Senator CARPER. Thanks so much.

It is unfortunate that my colleagues had to leave. They are also on other Committees and Subcommittees and other hearings are going on. It is unfortunate they could not be here to hear the testimony from the three of you. This has been just really quite helpful to me.

What I am going to ask you to do is maybe a few things here. One is I want each of you to take a moment or two—a minute or two—and reflect on what you have heard your colleagues here say, and I want you to reflect back on what earlier we heard Mr. Zients and our Comptroller General say, anything there that comes to mind that you think you would just like to kind of maybe reinforce, maybe question, maybe modify. But let me ask you to just reflect on what others have said, either at this table now or in the previous panel, please. Mr. Shea, do you want to go first?

Mr. SHEA. Yes, sir. Thank you.

Senator CARPER. Maybe some things you want to emphasize—

Mr. SHEA. Right. Well, I think Paul's point that this is a success story is important. A lot of folks have invested a great deal of energy articulating the outcomes that they are trying to achieve. You have to remember what a sea change that is from when the Gov-

ernment Performance and Results Act was first enacted. People were counting regulations issued, hours worked, memos issued, things that really did not relate to what you were trying to achieve, and now you have an environment in which people at least know what direction it is they are supposed to be rowing and now we can be more sophisticated in how we evaluate whether or not we are getting there, and if not, what we can do to get there quicker and cheaper.

The Comptroller General made a point about the very few number of programs that have been rigorously evaluated, and I think that is a little misleading, because if we wanted to rigorously evaluate all the programs in existence tomorrow, it would be prohibitively expensive and take decades to get results. So you really have to pick what programs you are going to assess with that kind of rigor.

I highlight in my testimony the importance of the Administration's rigorous evaluation initiative, and that is isolating what you are doing—what we are doing from a lot of other factors so you can say definitively whether what we are doing is having the intended impact. We have very little of that today. As a result of this initiative, we will have a lot more, and hopefully we can build onto that and have even a lot more so that we can really highlight those few precious programs that we can say, beyond a shadow of a doubt, are working.

And I think in the end, you will have dozens of the thousands of programs in existence that can say they are working like that. And you might be pessimistic about that, but you can also say that information is invaluable, because that information can really help you impact some of the most intractable problems that our Nation faces.

Senator CARPER. All right. Thank you. Dr. Posner.

Mr. POSNER. Well, I am struck by something Jonathan said, that we focus exclusively on mismanagement rather than management, and I think that is right. What we have as a culture that emphasized the urgent as opposed to the important, and I think that is why what Robert said is important. Those of us who have institutional knowledge and information on cross cutting management issues have a responsibility to preserve and share our perspectives because at some point in time, there will suddenly be a need for that information in the process.

And so the tension is how do you anticipate the needs of decision-makers without getting demoralized. I used to try to have to keep my staff's morale up when we issued a GAO report. Occasionally, we would call it an Olympic diver. It was beautiful, but made no splash. I would tell them sometimes 6 years passes before this report might be used.

Being a professional manager in Washington involves partly reacting to crises but also anticipating the next crisis by being proactive in thinking around corners and developing information and reports that might not be useful for several years.

Senator CARPER. Thanks. Mr. Breul.

Mr. BREUL. Senator, I was struck by two statements or thoughts in all of the previous comments. The first is that we are really on the right track here. The GPRA had the right intentions and it has

just simply been harder to do than we had anticipated. And more importantly, that the new Act, the Modernization Act, did not reject or cancel the old effort or the old progress and push the reset button and go back to zero, but actually, it was a recommitment to build upon it, and I think that is a huge note of optimism and a very constructive step and I thought I heard that throughout all the previous comments.

But the second, and perhaps most important for you, is the notion that I heard in everyone else's comments, that Congress has a role here and an important role, that this is not just a matter that is up to the agencies, but the use of this information and attention and persistent followup is something Congress has a role in, as well, and I think that is a very positive sign, as well.

Senator CARPER. Mr. Shea, go ahead.

Mr. SHEA. If you will indulge me to add, I think this Subcommittee in particular has a model to follow which every other Committee should emulate, and that is security clearance reform. GAO highlighted it as a high risk. The Committee enacted legislation that set very clear and aggressive targets in the interim and final for the improvement of that effort. And it worked—you had more hearings on that topic than, I believe, any other, to monitor progress and hold people's feet to the fire.

OMB led that interagency effort. I was heavily involved while I was at OMB. And let me tell you what. Some of the most volatile, vicious interagency meetings I have ever participated with. We had to strategize about where people were going to sit so that people did not get killed before the end of the meeting. [Laughter.]

Unfortunately, that is a model for collaborative oversight of Congress and the Executive Branch to achieve an outcome, and it worked. That effort is not over, obviously. You should continue to monitor it. But I think if you take a handful of areas and apply that same methodology, you will see some of the same success.

Senator CARPER. Well, good. I wish Senator Akaka and Senator Voinovich were here to hear you say that, but thank you very, very much for those words.

Anybody else for some comments on how the Legislative Branch can be most constructive in this process? As I said earlier, we are in this together and it is not—please.

Mr. BREUL. Senator, there are a number of questions that are still, in my mind, very open, and I have not heard much details on to date. But the Act now requires the Office of Management and Budget to be serious about a governmentwide performance plan. We did issue one for a year or two in the early 1990's, but that sort of disappeared. And it further requires Federal priority goals, cross-cutting kinds of goals. And there is a requirement for consultation by OMB with a series of Committees up here in the Congress.

What is unclear is exactly how that will happen. One of my colleagues joked 1 day that when the budget is prepared next February, the Director is going to go downstairs and get in his limo and tell the driver to drive to the Congress. He is going to go up and do his consultation. And the driver will turn around to him and say, "Where should I go to first?" And it is not clear which

Committee or which member or exactly how that process would unfold.

It seems to me it is an important way to start thinking, and perhaps some leadership from this Subcommittee on how that might happen and how it might be coordinated in a way that would provide the kind of support that OMB needs and the kind of input the Congress should be providing.

Senator CARPER. All right. Yes, Dr. Posner.

Mr. POSNER. I think all these things are important. I think we have to look inwardly to our institutions to determine whether we are ready for collaboration. In the budget era, Congress has developed effective institutions and rules to coordinate its positions in negotiations with the White House when it comes to the question is whether performance has risen to the level that the performance budget has—whether Congress can similarly coordinate its performance and oversight agenda for work collaboratively with the President on cross cutting issues.

From OMB's standpoint, there is also a question whether the budget process will be sufficiently open to invite to Congress into the determination and formulation of cross cutting goals. Input into that process is considered pre-decisional, and that includes performance plans. In years past, it has been difficult, and that is one of the kind of challenges of marrying performance and budgeting. Performance is long-term, broader, open. Budgeting tends to be important, but closed and focused on budget line items and accounts. When you blend the two, what is going to come out of the blender?

And this is not just true in Washington, it is true in the States, as well, that budgeting tends to prevail in these kinds of situations. So this is a real challenge to these institutions at the real heart of what they are all about and it will change the way they do their business, I think, if we can pull it off.

Senator CARPER. Sitting here, I am going back in time a little bit when I was privileged to, in my last job as Governor of Delaware, we said early on our overarching goal for our Administration, that I was privileged to serve for 8 years in that role, but our overall goal was to strengthen the basic building block of our society, our families. And I used to say that if every kid had at least one, maybe two, loving, caring, involved parents nurturing those kids, making sure that they were prepared to start kindergarten at the age of five and making sure that the parents were involved in the education of their children, being good role models, we had that going for us, the rest is pretty easy. And for 8 years, that is what we focused on.

And one of the things that we did, we created an idea suggested by Tom Eichler, who was our Secretary of what we called the Department of Children, Youth, and Families. We called it the Kids Department. But he said, maybe we should have an interdepartmental cabinet council with all the departments within our State government—and it turned out to be seven—that are literally used, touch every day families in a very direct way in terms of education, in terms of health, in terms of corrections, job creation, you name it. And every month for the better part of 7 years, every month, I met with my cabinet secretaries, and once a month, they met

without me, with senior staff in the Governor's office. But we just focused on what can we do to strengthen families.

I thought it was the smartest thing that we did. I think it was the smartest thing that we did. You can do that in a little State with less than a million people. But it required, in terms of going up through stovepipes, we did a great job of knocking them down, and it sort of encouraged us to use that Center for Best Practices that was in the National Governors Association to see what was working in other States to reduce teen pregnancy, to reduce drop-out rates, to do just all kinds of positive things.

One of my hopes is that the current Administration—we have a fairly new Governor, he is in his second year—third year, actually, now—that somehow that idea of the Family Services Cabinet Council might be resurrected.

I think it was Dr. Posner who talked about the Federal Government really being a small dollar participant in a lot of initiatives that we are trying to do nationwide. That is especially true with respect to education. I think in my State, for every dollar that we spend on education, probably about 70 percent of the funds come from the State. Unlike most places, 70 percent comes from the State. Twenty or 25 percent come from local property taxes. The Federal Government is only 5, maybe 10 percent of the remainder.

Arne Duncan, our Secretary of Education, has somehow figured out how to leverage that 5 or 10 percent in amazing ways to drive, I think, performance and to get us focused not on process but on results. Pretty amazing. I do not know if there is some way that we can maybe use that approach as a model in other parts of the government. I would just lay that at your feet and ask you to comment.

Mr. POSNER. There are other agencies that are considering that model, Transportation, for example, Housing, because it has been so successful. I would point that it has been successful in a moment of time when the States were desperate for money and they were largely in agreement with the Federal agenda. I think since this past January, States are still desperate for money, but I think you see States now kind of peeling away from that agenda and reconsidering the original bargains that they made. So I think that the environment is changing.

But in some ways, you have to—it brings you back to the Great Society of Lyndon Johnson, which he called creative federalism, where the government used State and local governments, but very adroitly managed these competitive grant funds to really shine the light on critical national problems and with very small money leveraged a lot of change.

A lot of development has occurred at the Federal level on managing Federal employees and managing Federal assets and direct Federal operations. This idea of bringing partners together around goals and metrics and areas where the Federal influence is far more indirect is a real future challenge.

One of the areas in particular is tax expenditures. The original GPRA required tax expenditures to be covered, and frankly, that has been one of the disappointments so far. And it is difficult to do. Tax expenditures are very leaky bucket, whether you are talking about the mortgage deduction, or higher education tax credits.

We do not really look at the impact of these subsidies on the behavior we are trying to stimulate because it is so difficult because we are so far removed.

Senator CARPER. All right. Mr. Shea.

Mr. SHEA. I think the education reform is something to study in many respects. First and foremost, I think, is the bipartisan collaboration in Congress with the Executive Branch on these reforms, and that is a 20-year collaboration.

I also think the Department of Education (DOE) has one of the most mature entities that invests in real research on the impact of the various interventions going on to improve education throughout the Nation. So those two things, I think, enhance the chances that this race to the top program would be successful and is something worthy of greater study and emulation throughout the government.

Senator CARPER. Good. Thanks.

I think it was David Osborne in his book—what is that book he wrote in the early 1990's—*Reinventing Government*. Reinventing Government. I think one of his central premises was that the role of government is to steer the boat, not row the boat, and I think with the Race to the Top, I think that is being realized, or at least I would like to think so. And I say that as a recovered Governor of a State that won the race to the top, at least the first leg of it.

Let me change the focus here. If I do not ask these questions, John Collins is going to shoot me, and so I am going to go back a little more on script here and make sure we do not overlook these questions.

As you know, the new law that was passed and signed by the President asks agencies to break down their operational silos and to come together on government priorities and efforts that cut across Federal agencies. How do you believe this new law can be implemented to address concerns about cross-cutting policy areas and potential for unnecessary overlap or duplication, including possible cost savings? We have already talked around this, but I am going to ask you to just come to that straight, directly, if you will, please.

Mr. SHEA. I am skeptical that we will be able to reduce a lot of duplication in government by consolidating programs. There may be some outright elimination. But I think the Act actually provides a better framework for improving efficiency by enhancing collaboration among duplicative programs.

The Administration's effort is focused in the trade area, and I think that is important. The Act takes a broader look, I think, across government, and I, frankly, think that the Administration's Administrative Flexibility Initiative ought to be swept into GPRA Modernization Act implementation, because it says what they are doing is that OMB has to inventory duplicative programs and find ways that those programs can reduce burden on State and local governments by consolidating funding streams, eliminating duplicative or sometimes inconsistent audit requirements. All that should bring the cost of government down and actually enhance the performance of those activities.

Senator CARPER. OK. Thank you.

Another comment? Dr. Posner.

Mr. POSNER. If I could just build on your point about your Family Council, I think it is important that we have the vital few, we select a handful, because it is going to need a lot of leverage from the President himself to get anything done, as well as up here. And so the fewer we concentrate on, the greater chance that he will be able to personally invest himself in it.

Senator CARPER. Mr. Breul.

Mr. BREUL. Senator, I would keep an eye on the requirement for Goal Leaders. It seems to me that is an opportunity where you can put someone sort of as a trail boss on a particular goal or effort across departments and therein, I think, have an opportunity to make some improvements in both efficiency and, importantly, effectiveness.

In my mind, a lot of the savings and improvements that are going to be possible are by removing a lot of the redundancy and complexity within programs. It is not just the programs themselves as an entire line item, but the operations within each of these programs, and if you have this Goal Leader who can harmonize the way the agencies are approaching these problems, a lot of the redundant behaviors or single action costs and activities in different organizations can be eliminated and consolidated in a way that has enormous improvements in terms of time, service, cost, and ultimately program effectiveness. That is going to be nitty-gritty hard work, but again, if you have someone inside who has some leadership responsibilities, the potential there is huge.

Senator CARPER. All right. Thanks. Dr. Posner.

Mr. POSNER. Just one more. I think and part of that process Jonathan is talking about is it would be helpful to have an implementation map that shows a spaghetti chart of how each of those funding streams percolates down through our system. And when we did that, for example, for first responder training, 21 programs that I testified on a few years ago, some went to the States. Some went directly to fire chiefs. Some went directly to police chiefs. Some went to mayors. I mean, it was a crazy quilt pattern. So part of that is understanding, what impact does that fragmentation have at the service delivery point, and that is not easy stuff to do, but it is vital.

Senator CARPER. All right. Thanks. Mr. Shea.

Mr. SHEA. Yes, just to add one more point, Congress has authorized \$70 million to be spent on the development of a key national indicator system. Stateoftheusa.org is developing a set of data points for a handful of major areas that can be used to gauge the health of the Nation in health, education, a number of areas. The Committee might look to that as a framework for inventorying the government's programs, mapping them to that, so that at least you have a credible data source with which to assess the success of the overall enterprise.

Senator CARPER. All right. Thank you.

I mentioned to the first panel an interest that a number of us have had, Russ Feingold for a number of years, John McCain and myself, John Kerry, as well, to strengthening the President's rescission powers, and I offered legislation in the House in 1992, my last year in the House, to take what I call a 2-year test drive with enhanced rescission powers for the President and to, for 2 years, give

the President the ability to propose rescissions that were somewhat constrained. Nothing involved rescissions on entitlement programs. Nothing involved the rescissions with respect to tax policy, but just focused on domestic discretionary spending, defense spending, and actually providing some constraints as to how much the President could do there, but be able for 2 years to suggest rescissions and the Congress would have to vote on it.

They could vote it down, a simple majority in either the House or Senate, and the responsibility—it was constitutionally sound because that is the approach we took, that it was not like you needed a two-thirds override by the House and Senate to override the President's proposed rescissions. That was declared unconstitutional later on. But to say that the rescission comes, we have to vote on it. And if either the House or Senate muster a majority vote, a simple majority vote, against the rescission, it is dead. It does not take place.

We have updated that, and Senator McCain and I—Russ Feingold worked on this before with us—but say, let us do a 4-year test drive, and the 4-year test drive would, again, not get us into entitlements. It would not get us into tax policy. But it would enable us to go into domestic discretionary spending, defense spending, and we do it for 4 years and with fewer constraints so that the President could actually propose rescissions which would rescind as much as 100 percent of certain kinds of programs.

And I think when we are looking at these issues today, I am just reminded, I think this actually might be a more valuable tool than I had considered. It may even be more valuable than I thought. We would not do it forever. We would not make it permanent. We would do it for 4 years, see how it works. If Presidents abuse it, then they will lose it.

But let me just ask you to reflect on that for a moment, if you would, please. Mr. Shea.

Mr. SHEA. At the risk of getting into budget issues next to the Nation's top budgeting expert, I will wade in here. I do not think it is as controversial as you might even think if you look at the amount of unobligated balances that remain at the end of a Fiscal Year (FY) or even at the beginning, in September of any fiscal year. I think if you benchmark an amount of rescission authority to that, then you are basically saying, what you were not otherwise going to spend, the President should rescind. So I do think it has some merit for savings, I want to say marginal, but they would certainly equal the amount that was just in controversy a few months ago.

Senator CARPER. All right. Dr. Posner.

Mr. POSNER. I mean, I think the expedited rescission is what we call it, I think, versus enhanced. I think you are right. The enhanced, I think, goes too far in giving away the congressional powers.

Senator CARPER. No, we are talking about expedited.

Mr. POSNER. Expedited, makes some sense, and you force an up and down vote. Again, I am not sure if it is kind of the answer to the broader problems we are talking about here. At one point, the President could do this with reorganization. He could propose a reorganization plan. The Congress would have to vote up and down, right, or in some cases, did it not actually get—

Mr. BREUL. Before *Chadha*.

Mr. POSNER. Yes, before *Chadha*, it was a one-House veto, which we cannot do anymore. So theoretically, that same concept could be used to package proposals for consolidations and the like that come from these cross-cutting reviews. But I think that is running at a very fast speed and we have to first—so I think what you are proposing is useful for a period. However, someone in the appropriations process once, though, told me a valuable lesson. He said, you can do anything in budgeting once. And so the item veto, for example, as you said with Clinton, the President got to do some things the first year. The second year, let us just say, Congress has equal and opposite reactions that in some ways counterbalance that.

Senator CARPER. Thank you. Mr. Breul.

Mr. BREUL. The interesting question to me is whether you would attach to it as a condition of performance and make some failure or disappointment in performance the qualifying factor for those actions. That would make it even more intriguing, it seems to me, and make it not simply a budget matter, but also one that hinged on whether we were getting results for those dollars.

Senator CARPER. OK. John Collins just handed me a note. He says, "I think we can wrap it up whenever you are ready." I am just having too much fun to stop, but we have other things to do and I know you do, as well.

Let me ask each of you just to take a moment to just give us a summary, something you would like for us to really emphasize, some take-aways for me and for my colleagues, for our staff, anything that comes to mind. It could be something you have already said, if you just want to say it again or maybe say it a little differently, but just some good take-aways for us. I do not care who goes first. Mr. Breul, do you want to go first?

Mr. BREUL. I think you heard from a number of speakers, Mr. Dodaro and Jeff Zients, that accenting the positive is perhaps the strongest way to move some of this forward. So I would—

Senator CARPER. We actually tried to do that in the Subcommittee. We brought in our Director of the Census when we actually got things straightened out and did a much better job in the last year or so. So we try to do that from time to time. I agree with you. We cannot just always "gotcha" and embarrass—

Mr. BREUL. So perhaps with some of these new positions that have been codified, whether it is the Chief Operating Officer or perhaps the Performance Improvement Officers, bringing some of them in for a bit of attention and to showcase good progress and show best practice to some of the others might be a way of showing the recommitment of Congress and giving this a positive boost along the way.

Senator CARPER. All right. Thanks. Dr. Posner.

Mr. POSNER. I think you can use the budget situation we are in as a possible kind of window of opportunity, and working with the Budget Committees, obviously, to at least have a portion of that budget process and, say, a reconciliation focused on performance, where the Committees would have to be doing some—where the Budget Committees would outline an agenda with you of performance goals that you want the Committees to work toward as they kind of put reconciliation savings packages together, the idea being

that you are not just kind of cutting all the blades of grass equally. You are targeting cuts on the programs that, as one Budget Director said at one time, we should be focusing on weak claims, not weak claimants when we do budgeting, and I think this tool and this Act enables you to do that.

Senator CARPER. Before I go to Mr. Shea, I would say there are four ways to reduce budget deficits. No. 1, cut spending. No. 2, raise taxes. No. 3, grow the heck out of the economy. And No. 4, really change our culture around here to show that we are looking at every nook and cranny of the Federal Government, looking at all of our programs, domestic discretionary, entitlements, and saying, is there a way to get better results for less money. It really moves us toward a culture of thrift.

The President said in his State of the Union Address, I believe he said if America wants to win the 21st century, we have to out-educate, out-innovate, out-compete the rest of the world, and that seems to suggest, at least to me, that as we trim back on spending, we find ways in order to grow the economy, to invest money in ways that actually do move us toward a more productive workforce, invest in ways that actually provide us a more efficient infrastructure, broadly defined. And also invest in Research and Development (R&D) that actually—not just government, but encourage investment in R&D that has commercial application that will enable us to develop innovations and products that we can sell all over the world. Those are three things that would seem to me to make a lot of sense.

Mr. Shea. And one other thing you said that I had actually written down earlier in my testimony—while you all were testifying—one of my favorite quotes, and it is Albert Einstein. “In adversity lies opportunity.” “In adversity lies opportunity.” I like to say I have made a life of that in almost everything that I have done. And there is a heck of a lot of adversity right now, but there is actually opportunity here, as well, as we are learning. Mr. Shea.

Mr. SHEA. I would hope that this Committee takes a strong leadership role in working with OMB to implement the law, to ensure that it is implemented to your satisfaction, that it is implemented aggressively, that you review the qualifications of the leaders who are chosen for the positions articulated in the bill, and that they are actually doing what it is you hoped they would, which is using data to manage and improve operations, and that the data is transparent enough for you to be able to hold them accountable for that.

Senator CARPER. All right. Thanks a lot.

I spent about 23 years of my life as a Naval flight officer, retired Navy Captain, and was a P-3 mission commander, the aircraft that we used to hunt for Red October, flew a missions off of Vietnam and Cambodia during that war, did a lot of ocean surveillance, saw the oceans of the world. It was great fun chasing those Russian subs, catching them sometimes.

But our airplanes were too big to land on aircraft carriers. That is one of the reasons I wanted to be on them. That way, we could land on land and go home at night, or at least go home to our quarters. But I still like to use a Navy term and that is changing the course of the aircraft carrier. It is a hard thing to do and it takes

the efforts of a whole team to be able to change the course of an aircraft carrier.

The Federal Government is much bigger than any aircraft carrier. It is really tough to change course. I think we are trying to get the team pulling together, and I am encouraged it may be starting to happen. We still have too many members of the team that are, I will not say AWOL, they have just never been added to the team. We have what I call Executive Branch Swiss cheese. There are still at this point in this Administration way too many positions that are still vacant, key positions that need to be filled, and my hope is that we are going to use in this adversity some opportunity to actually fix that and reduce the number of confirmable positions that exist in the Executive Branch, which would be very, very good.

But this has been a wonderful hearing and I appreciate, really, for those of you who have labored in these vineyards in the past, I appreciate very much your past service and for your willingness today to help us slave more effectively and constructively going ahead. But we are much appreciative of your help in this regard.

We look forward to the challenge that lies ahead of us. We will work hard to get better results for less money. Thanks so much.

And with that, to our staff on both sides, Democrat and Republican who have worked to help get us to this day, our special thanks to that.

All right. And with that, this hearing is adjourned. Thank you all.

[Whereupon, at 4:49 p.m., the Subcommittees were adjourned.]

A P P E N D I X

FOR IMMEDIATE RELEASE: May 10, 2011
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STATEMENT OF CHAIRMAN DANIEL K. AKAKA

Roadmap for a More Efficient and Accountable Federal Government: Implementing the Government Performance and Results Modernization Act

Hearing Subcommittee on Oversight of Government Management, the Federal Workforce, and the District of Columbia

& Subcommittee on Federal Financial Management, Government Information, Federal Services, and International Security U.S. Senate Committee on Homeland Security and Governmental Affairs

The Government Performance and Results Act of 1993, often referred to as GPRA, or the Results Act, was the first statutory framework for strategic planning, goal setting, or performance measurement. According to the U.S. Government Accountability Office (GAO), before GPRA, few agencies used results-oriented performance information to enhance management and strategic policy decisions.

The Results Act was a bipartisan effort that succeeded in establishing a comprehensive, consistent foundation for agency strategic planning, performance planning, and reporting. I believe GPRA is, and must remain, the cornerstone of the Federal Government's performance management framework.

However, lessons learned from nearly two decades of experience implementing the Results Act, informed by numerous GAO and other expert recommendations, confirmed the need to refine and enhance it. I want to recognize and thank Chairman Carper for his strong leadership on government performance and management issues, including sponsoring the GPRA Modernization Act of 2010. Senators Carper, Warner, and I worked closely with Congressman Henry Cuellar, as well as Senators Lieberman, Collins, and former Senator Voinovich, to develop and pass the landmark, bipartisan GPRA Modernization Act to accomplish that critical goal.

The new law enhances the Federal Government's performance management framework, building upon GPRA while requiring the Federal Government to adopt a more strategic and collaborative approach to performance improvement. The new Act also streamlines and increases the transparency of performance reporting by requiring agencies to report performance data through a single Federal website.

I believe Congress has a responsibility to promote effective performance management that empowers agencies to spend taxpayer dollars wisely while carrying out their critical missions. With the passage of the GPRA Modernization Act, our Nation's dedicated public servants will have the performance management tools to accomplish real, meaningful results for all Americans.

-END-

Opening Statement Senator Tom Carper

Today's hearing will examine the recently enacted Government Performance and Results Modernization Act of 2011 and how progress is being made towards its full implementation.

This bipartisan legislation which I sponsored was signed by the President early this year and I want to thank Senator Akaka, one of the bill's cosponsors, for his thoughtful leadership on this issue.

Unfortunately, Chairman Akaka broke two ribs in a minor accident at home last week and is unable to attend the hearing today. His statement, and the witnesses' answers to his questions for the record, will be included in the official hearing record. I understand he is recovering quickly and we look forward to seeing him back soon.

Seventeen years ago Congress passed the Government Performance and Results Act to help us better manage our finite resources and improve the effectiveness of federal programs. Given our mind boggling budget deficits, there has never been a greater need for more informed and effective management of taxpayer dollars.

Since 1993, agencies across the federal government have developed and implemented strategic plans and have routinely generated a tremendous amount of performance data. The question is – have federal agencies actually used their performance data to get better results?

Producing information does not by itself improve performance and experts from both sides of the aisle agreed that the solutions developed in 1993 did not work as we had originally hoped. The American people deserve – and our fiscal challenges demand – better results.

Vince Lombardi use to say if you're not keeping score, you're just practicing. We haven't been doing a very good job of setting clear goals for federal programs. We've not been doing a very good job of keeping score either. It's time we get into the game and play for real.

The Government Performance and Results Modernization Act brings a strategic, government-wide focus to performance management by requiring the Office of Management and Budget to set government-wide goals to align programs from different agencies to work together to reduce overlap and duplication. It also requires OMB to seek majority and minority views from Congress on those goals.

With an eye towards eliminating redundancy within government, the law requires agencies to support governmentwide priorities by linking their goals to them and working across agency lines to improve the efficiency and effectiveness of their work.

I am pleased to hear that OMB is taking the new law seriously. In early April OMB Director Jack Lew along with Deputy Director for Management Jeff Zients, who is with us today, issued a memo to agency and department heads directing them to begin implementing the law. The memo told agencies to submit the name of their agency Chief Operating Officer to OMB by May 2nd and the name of their agency Performance Information Officer by June 1st. These positions, codified by the new law, are crucial to improving the performance of the federal government. The memo also instructed agencies to begin holding data-driven progress reviews of their goals by the end of June. I look forward to hearing from Mr. Zients today about whether these timelines will be met and about how many agencies have put their Chief Operating Officer into place.

Finally, the law requires that all of the results and performance information agencies generate be placed on a single, searchable website. This electronic information would replace much of the large performance-related documents agencies produce today that often goes unread. It will provide the sort of transparency and accountability of agency performance that Congress and the American people demand. It will also allow us to see what's working, fix what's not, and make tough decisions about what programs may be duplicative or not needed.

This website – Performance.gov – has yet to be launched and recent cuts to the Electronic Government Fund make its future a bit cloudy. I hope to hear more about the website's status and importance from our witnesses today.

Finally, during his State of the Union address, President Obama pledged to merge and reorganize agencies. I believe Mr. Zients is leading these efforts for the President and I hope to hear from him and our other witness about how this new law can serve as a tool for making the tough decisions ahead.

Today we face unparalleled challenges both here and abroad, and these require a knowledgeable and nimble federal government that can respond effectively. With concerns growing over the mounting federal deficit and national debt, the American people deserve to know that every dollar they send to Washington is being used to its utmost potential.

We need to replace the spending culture that has become all too common in Washington over the past few decades, with a culture of thrift. Making better use of performance information is an invaluable tool that can help us get there. If used effectively, it can identify problems, find solutions, and develop approaches that can help us provide better service to the people who send us here for less money than we're spending today.

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

STATEMENT OF THE HONORABLE JEFFREY D. ZIENTS
FEDERAL CHIEF PERFORMANCE OFFICER AND DEPUTY DIRECTOR FOR
MANAGEMENT
OFFICE OF MANAGEMENT AND BUDGET
BEFORE THE
SUBCOMMITTEES ON OVERSIGHT OF GOVERNMENT MANAGEMENT AND
FEDERAL FINANCIAL MANAGEMENT
COMMITTEE ON HOMELAND SECURITY AND GOVERNMENTAL AFFAIRS
UNITED STATES SENATE

MAY 10, 2011

*Roadmap for a More Efficient and Accountable Federal Government: Implementing the
GPRA Modernization Act.*

Chairmen Akaka and Carper, Ranking Members Johnson and Brown, Members of the
Committee:

When I last appeared before you I committed to working with Federal agencies to maximize the use of performance information to improve the effectiveness, efficiency, responsiveness and transparency of government operations. Since then, Congress strongly expressed its commitment to the same goal by passing the GPRA Modernization Act (the Act). The law builds upon the Administration's approach to improving government performance and expects agency leaders to set goals that reflect top priorities, conduct frequent data-driven reviews, and communicate results to solve problems and improve outcomes.

I appreciate the opportunity to come before you today to discuss our shared objectives. More specifically, I will provide an update on the Administration's performance management approach, explain how we have begun to implement the GPRA Modernization Act, and discuss the path forward.

Obama Administration's Performance Management Approach

We must use taxpayer dollars in the most effective and cost-efficient ways we can, and continually search for smarter ways to serve the American people. A critical part of our effort is creating a culture of performance improvement where Federal agencies

constantly strive to achieve meaningful progress and find lower-cost ways to achieve positive outcomes.

Across 20 years in the private sector as a CEO and advisor to business leaders, I found that leadership, data-driven decision-making, and a motivated workforce that is empowered to act creates the foundation for breakthrough performance. Over the last two years, I have found the same is true in the Federal government.

This Administration has built upon the important groundwork for government-wide performance management established both by Congress and previous Administrations. We are using a straightforward approach where:

- Leaders set clear, ambitious goals for a limited number of outcome-focused and management priorities;
- Agencies measure, analyze, and communicate performance information to identify successful practices that should be spread, as well as problematic practices that need to be prevented or corrected; and
- Leaders conduct frequent, in-depth performance reviews to drive progress on their priorities.

To do this, we established the Accountable Government Initiative to save money, use resources more effectively, improve services, find the best ways to measure program success, and restore the public's trust in government. The Accountable Government Initiative is focused on the areas with the greatest need and opportunity for improvement, and we have made good progress. For example, we have curbed uncontrolled growth in contract spending. Last year, we decreased contract spending by \$15 billion -- the first year-over-year decrease in contracting in 13 years. We have intervened with numerous troubled information technology (IT) projects, reducing life cycle costs by roughly \$3 billion dollars by terminating poorly performing projects or narrowing them to focus on mission critical business needs. We are also deploying new tools and technologies to crack down on improper payments, including state-of-the-art fraud detection tools. These new tools and technologies, combined with agencies' ongoing corrective actions, helped the government avoid roughly \$4 billion in improper payments in FY 2010 alone.

We have tackled the longstanding problems plaguing the Federal government's management of its real property inventory, making significant progress toward achieving the President's goal of saving \$3 billion in this area by 2012, and proposing an innovative, comprehensive new approach to this challenge that would save \$15 billion over three years. And just a few weeks ago President Obama signed an Executive Order that requires agencies to develop customer service plans and "signature initiatives" that use innovative technologies to streamline service delivery and improve customer experience. Doing so will enable agencies to do more with less - improving the service they deliver to the American public while reducing costs.

At the same time we have been driving improvements in these cross-agency areas, we have also been working with senior agency leaders to focus on achieving ambitious improvements on outcomes in their agencies' highest priority areas. Agency leaders such as Secretary Donovan at HUD, Secretary Vilsack at Agriculture, and Secretary Salazar at the Department of the Interior have identified ambitious near-term Priority Goals in areas where they want breakthrough progress. These agency heads have charged their leadership teams with transforming the way their agencies use goals, measurement, analysis, and data-driven discussions to drive performance improvements.

This transformation is increasingly evident. Agencies are using goals not just as words on the pages of reports required by Congress or OMB, but instead as simple, powerful tools for communicating priorities and focusing agency action. For each near-term Priority Goal and for each cross-government-wide management goal, agency heads have named "Goal Leaders" or senior accountable officials responsible for progress on the goal. Goal Leaders and senior accountable officials are charged with developing action plans for their goals, setting quarterly targets or milestones, tracking and analyzing progress on their goals, and driving continual progress.

To drive progress against both our cross-agency goals and agency-specific Priority Goals, we are harnessing the power of transparency and accountability to drive results. We are using vehicles like the IT Dashboard to shine a light on performance in each area, and OMB is holding regular, data-driven reviews of progress to make sure we stay on track, and to intervene as necessary to address shortcomings.

Likewise, agency Deputy Secretaries and their equivalents at major agencies are starting to hold goal-focused, data-driven reviews at least every quarter. Secretary Donovan, supported by his Performance Improvement Officer Peter Grace, leads regular data-driven HUDStat meetings. These reviews bring key actors together, across programs, field offices, and sometimes other agencies to identify both best practices and the problems getting in the way of progress and devise plans for overcoming them. Deputy Secretary Scott Gould, supported by his Performance Improvement Officer Daniel Tucker, has enhanced the monthly performance reviews previously held at the Department of Veterans Affairs (VA) to focus more on strategic management priorities. The VA has shown great progress toward its goals, including reducing the number of homeless Veterans, a goal it shares with HUD, and facilitating Veterans' access to benefits. This data-driven management discipline is spreading across the Federal government – at the Department of the Treasury, Deputy Secretary Wolin holds quarterly reviews with each of his Bureaus on agency-wide and Bureau priorities. At the Department of Labor, Deputy Secretary Harris holds quarterly reviews to track progress with priorities in the annual operating plans each of his agency components now prepares while emphasizing evidence based strategies that connect the

Department's outputs to its outcomes. And at the Department of Commerce, Secretary Locke has met quarterly with each bureau head to review outcome metrics and leading indicators for programmatic and management goals tracked through balanced scorecards.

We are seeing an increasing number of performance leaders emerge across government in the component parts of the Cabinet agencies, too. For example, one year ago FDA launched FDA-TRACK, an agency-wide performance management program that monitors all 114 FDA program offices' key performance measures and highlighted projects. By mandating these types of data-driven reviews in law, the GPRA Modernization Act will solidify, spread, and enhance the quality of this best management practice.

Complementing agency internal reviews, each quarter agencies report progress to OMB through a website, Performance.gov, and provide an analysis of progress that we use to assess how to best support goal achievement. OMB follows-up as appropriate to support, or push progress where our engagement can make a significant difference. For example, I have personally engaged in assuring progress on the Priority Goal of improving the personnel security clearance process. Serious delays in processing security clearances prompted GAO to designate this program a high-risk area in 2005, 2007, and 2009. DOD and OPM have made great progress in timeliness and in developing tools and metrics to assess quality, and GAO removed the high-risk designation from this program in 2011. High-level attention by DOD, OMB, OPM, and the Office of the Director of National Intelligence, along with sustained Congressional oversight from this Committee, demonstrated the ability to make progress when there is agreement on the problem to solve.

As recognized in the GPRA Modernization Act, agency Performance Improvement Officers (PIO) and the Performance Improvement Council (PIC) have been key allies in finding what works and promoting adoption of the most effective and cost efficient practices. PIOs also help identify what doesn't work and needs to be fixed. PIOs and the PIC are also taking a leadership role in identifying areas where cross-agency collaboration will speed progress. For example, PIOs at the Pension Benefit Guaranty Corporation and the Social Security Administration created a Benefits Processing Working Group to share best practices and collaborate on shared challenges facing the numerous Federal agencies that process benefits.

Other cross-agency councils are similarly taking a leadership role in sharing best practices and keeping agencies focused on change. The Chief Human Capital Officers' Council, for example, regularly reviews progress and shares best practices on the government-wide goal of hiring reform.

The GPRA Modernization Act

I am pleased that the GPRA Modernization Act builds on the performance management approach we have adopted. We developed our approach based on a good, hard look at past practices in the Federal government, state and local governments, and other countries. We are also pleased that the law retains and amplifies aspects of the Government Performance and Results Act of 1993 while addressing its weaknesses. When I last testified before this subcommittee, I stated that too much emphasis had been placed in the past upon producing performance information and too little attention paid to analyzing and acting on this information. The new law will help our efforts to shift attention from just the production of agency performance plans and reports to increased focus on using goals and measures to improve the effectiveness and efficiency of Federal action.

We are working aggressively to implement the GPRA Modernization Act, and in doing so are working closely with agencies to keep the Act from becoming a compliance exercise rather than what it should be - a means to make government work better. While many of the Act's requirements are not due to be finalized until the FY 2013 Budget is published in February 2012, we are already laying the foundation to meet the Act's requirements as quickly as possible.

On April 14th, Director Lew and I sent a memo to agency heads which lays out the initial steps for implementing the Act. We asked all agencies to identify their Chief Operating Officer by May 2 and their Performance Improvement Officer by June 1. We reminded agency leaders that they and their newly designated Chief Operating Officers, with support of the Performance Improvement Officer, must by the end of June, begin running senior-led, regular progress reviews on their Priority Goals. Agencies have been instructed to develop new Priority Goals for FY2012-2013 as part of their FY2013 budget development process, and we have begun working with agencies to identify and develop effective practices for consulting with Congress. Within the next month, we will send further guidance to agencies. By the end of June, we will launch an online resource center to promote the sharing of best-practices related to goal-setting.

Mr. Chairmen, I chair the President's Management Council, which comprises Deputy Secretaries from the major agencies, most of whom will function as Chief Operating Officers. The President's Management Council is fully supportive of the actions called for by the Act. During our May meeting, we will discuss how agency leaders are using goals and data-driven reviews and the best ways to implement the Act. The PMC members are committed to using the framework outlined in the law to better serve the American people and solve problems that cut across agency and organizational boundaries.

As this Administration, Congress, GAO and others have long recognized, government sometimes tackles problems in stove-piped or fragmented ways that prevent these problems from being solved. The GPRA Modernization Act establishes a mechanism to enhance progress in areas that need cross-government coordination by requiring OMB to establish Federal Cross-Agency Priority Goals, with the first set of interim Federal Cross-Agency Priority Goals to be included in the FY2013 Budget. OMB has begun the process of identifying goals that will benefit from cross-agency coordination. As part of that, we are looking at existing Administration efforts, as well as areas identified in the recent GAO report on "Opportunities to Reduce Potential duplication in Government Programs and Save Tax Dollars." As GAO indicated in its report, Federal agencies have significant efforts underway to address these areas, and we will use the Federal Cross-Agency Priority Goals as an additional tool to make significant progress in eliminating duplication and improving coordination. We look forward to working with Congress in the coming months as we develop the first Federal Cross-Agency Priority Goals to release with the President's FY2013 budget as called for by the Act.

The GPRA Modernization Act also requires a move from the production of static, printed agency performance plans and reports to more dynamic, accessible, and useful on-line performance information. Moving from thousands of pages of printed documents to a central website with a consolidated program list will make it easier for Congress and the public to understand what our government does and how it is performing. We anticipate making an early version of Performance.gov available to the public within the next 30 days. We plan to expand and improve the public site to meet the law's expectations before the October 2012 timeframe, although the exact timing and level of sophistication for those improvements will depend upon future funding levels.

The Path Forward

Improving the effectiveness and efficiency of the Federal government is not an easy endeavor; it requires dedication and commitment throughout agencies, from the Secretary at headquarters, to the program and regional manager, to the employees on the front line. And it requires sustained support from the White House and Congress. Our success to date, and our gathering momentum, gives me confidence that together, we can change the way government works to provide the American people with the efficient, effective, high-performing government they deserve.

I thank the Subcommittee for holding this hearing, and for your commitment to improving Federal performance. We all believe in making our government work better, and I look forward to working closely with you, other members of this panel and Congress, Federal employees across the nation, and our service delivery partners to accomplish this objective. Mr. Chairmen and Members of the Subcommittee, I would be pleased to answer any questions you may have.



United States Government Accountability Office

Testimony

Before the Subcommittee on Oversight of Government Management, the Federal Workforce, and the District of Columbia, and the Subcommittee on Federal Financial Management, Government Information, Federal Services, and International Security, Committee on Homeland Security and Governmental Affairs, U.S. Senate

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MANAGING FOR RESULTS

GPRA Modernization Act Implementation Provides Important Opportunities to Address Government Challenges

Statement of Gene L. Dodaro
Comptroller General of the United States



GAO-11-617T

GAO
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Highlights

Highlights of GAO-11-617T, a testimony before two subcommittees of the Committee on Homeland Security and Governmental Affairs, U.S. Senate

Why GAO Did This Study

The federal government is the world's largest and most complex entity, with about \$3.5 trillion in outlays in fiscal year 2010 that fund a broad array of programs and operations. GAO's long-term simulations of the federal budget show—absent policy change—growing deficits accumulating to an unsustainable increase in debt. While the spending side is driven by rising health care costs and demographics, other areas should also be scrutinized. In addition, there are significant performance and management challenges that the federal government needs to confront.

GAO was asked to testify on the Government Performance and Results Act (GPRA) Modernization Act of 2010 (GPRAMA), as the administration begins implementing the act. This statement is based on GAO's past and ongoing work on GPRA implementation, as well as recently issued reports (1) identifying opportunities to reduce potential duplication in government programs, save tax dollars, and enhance revenue; and (2) updating GAO's list of government operations at high risk due to their greater vulnerabilities to fraud, waste, abuse, and mismanagement, or the need for transformation. As required by GPRAMA, GAO will periodically evaluate implementation of the act and report to Congress on its findings and recommendations.

View GAO-11-617T or key components. For more information, contact Bernice Steinhardt at (202) 512-6543 or steinhardt@gao.gov.

May 10, 2011

MANAGING FOR RESULTS

GPRA Modernization Act Implementation Provides Important Opportunities to Address Government Challenges

What GAO Found

GAO's past and ongoing work illustrates how GPRAMA could, if effectively implemented, help address government challenges in five areas:

Instituting a more coordinated and crosscutting approach to achieving meaningful results. GPRAMA could help inform reexamination or restructuring efforts and lead to more effective, efficient, and economical service delivery in overlapping program areas by identifying the various agencies and federal activities—including spending programs, regulations, and tax expenditures—that contribute to crosscutting outcomes. These program areas could include numerous teacher quality initiatives or multiple employment and training programs, among others.

Focusing on addressing weaknesses in major management functions. Agencies need more effective management capabilities to better implement their programs and policies. GPRAMA requires long-term goals to improve management functions in five key areas: financial, human capital, information technology, procurement and acquisition, and real property management. GAO's work has highlighted opportunities for improvements in each of these areas and aspects of all of them are on the GAO high risk list.

Ensuring performance information is both useful and used in decision making. Agencies need to consider the differing needs of various stakeholders, including Congress, to ensure that performance information will be both useful and used. For performance information to be useful, it must be complete, accurate, valid, timely, and easy to use. Yet decision makers often do not have the quality performance information they need to improve results. To help address this need, GPRAMA requires (1) disclosure of information about accuracy and validity, (2) data on crosscutting areas, and (3) quarterly reporting on priority goals on a publicly available Web site.

Sustaining leadership commitment and accountability for achieving results. Perhaps the single most important element of successful management improvement initiatives is the demonstrated commitment of top leaders, as shown by their personal involvement in reform efforts. GPRAMA assigns responsibilities to a Chief Operating Officer and Performance Improvement Officer in each agency to improve agency management and performance.

Engaging Congress in identifying management and performance issues to address. In order for performance improvement initiatives to be useful to Congress for its decision making, garnering congressional buy-in on what to measure and how to present this information is critical. GAO has previously noted the importance of considering Congress a partner in shaping agency goals at the outset. GPRAMA significantly enhances requirements for agencies to consult with Congress.

United States Government Accountability Office

Chairmen Akaka and Carper, Ranking Members Johnson and Brown, and Members of the Subcommittees:

Thank you for the opportunity to discuss the Government Performance and Results Act (GPRA) Modernization Act of 2010 (GPRAMA)¹ as the administration begins implementing the act. If effectively implemented, the act offers many important opportunities to focus attention on successfully improving the effectiveness of government programs and operations, and addressing significant fiscal, performance, and management challenges facing the federal government.² The federal government is the world's largest and most complex entity, with about \$3.5 trillion in outlays in fiscal year 2010 that fund a broad array of programs and operations. Looking forward, our long-term simulations of the government's financial condition underscore the need to begin addressing the long-term federal fiscal outlook. Absent changes in fiscal policy, the structural imbalance between spending and revenue paths lead to large and growing deficits. The accumulation of large deficits leads to an unsustainable increase in debt over the long term.³ This, in turn, will limit budget flexibility and the federal government's ability to respond to future challenges.

Addressing these fiscal challenges will require action on several fronts. First, all federal programs and activities—discretionary programs, mandatory spending, revenues, and tax expenditures—need to be reexamined. Second, program structures that are outmoded, overlapping, duplicative, fragmented, and not up to the challenges of the times must be reformed or restructured. In this regard, we recently issued a report that identified over 80 areas of potential duplication, overlap, or fragmentation

¹Pub. L. No. 111-352, 124 Stat. 3866 (2011). GPRAMA amends the Government Performance and Results Act of 1993, Pub. L. No. 103-62, 107 Stat. 285 (1993).

²GAO, *Government Performance: GPRA Modernization Act Provides Opportunities to Help Address Fiscal, Performance, and Management Challenges*, GAO-11-456T (Washington, D.C.: Mar. 16, 2011).

³GAO, *The Federal Government's Long-Term Fiscal Outlook: January 2011 Update*, GAO-11-451SP (Washington, D.C.: Mar. 17, 2010). GAO updates these simulations twice each year. Updates and additional information on the federal fiscal outlook, federal debt, and the outlook for state and local government sector is available at: www.gao.gov/special.pubs/longterm/.

as well as cost savings and revenue-enhancing opportunities.⁴ In addition, weaknesses in management capacity, both governmentwide and in individual agencies, undermine efficient and effective government. Here too, our recent update to our high-risk list identified numerous opportunities to reduce costs and improve government performance.⁵

Moving forward, GPRAMA can offer important opportunities to help make tough choices in setting priorities as well as reforming programs and management practices to better link resources to results. The various provisions of the act are to be implemented over the next few years. Most of the enhanced planning and reporting requirements at both the governmentwide and agency levels are to be implemented in 2012 and beyond (see appendix I for a more detailed implementation schedule). Thus far, the administration has tasked each agency to assign top leadership responsibility for leading their management and performance improvement efforts, including quarterly reviews of performance, which are to begin no later than this June. Sustained and visible top leadership support will be critical to ensuring successful implementation of the act's provisions.

My statement today, which is based on our past and ongoing work, will focus on five key areas where implementing GPRAMA could help address government challenges. In particular, the act calls for:

- instituting a more coordinated and crosscutting approach to achieving meaningful results,
- focusing on addressing weaknesses in major management functions,
- ensuring performance information is both useful and used in decision making,
- sustaining leadership commitment and accountability for achieving results, and
- engaging Congress in identifying management and performance issues to address.

⁴GAO, *Opportunities to Reduce Potential Duplication in Government Programs, Save Tax Dollars, and Enhance Revenue*, GAO-11-318SP (Washington, D.C.: Mar. 1, 2011). An interactive, Web-based version of the report is available at: <http://www.gao.gov/ereport/gao-11-318SP>.

⁵GAO, *High-Risk Series: An Update*, GAO-11-278 (Washington, D.C.: February 2011). Additional information available on GAO's High-Risk and Other Major Government Challenges Web site, <http://www.gao.gov/highrisk>.

Finally, my statement will speak to GAO's role in evaluating implementation of this act.

Instituting a More Coordinated and Crosscutting Approach to Achieving Meaningful Results

The federal government faces a series of challenges that in many instances are not possible for any single agency to address alone. Many federal program efforts, including those related to ensuring food safety, providing homeland security, monitoring incidence of infectious diseases, or improving response to natural disasters, transcend more than one agency. Agencies face a range of challenges and barriers when they attempt to work collaboratively. GPRAMA establishes a new framework aimed at taking a more crosscutting and integrated approach to focusing on results and improving government performance. It requires the Office of Management and Budget (OMB), in coordination with agencies, to develop—every 4 years—long-term, outcome-oriented goals for a limited number of crosscutting policy areas. On an annual basis, OMB is to provide information on how these long-term crosscutting goals will be achieved.

Also, we recently reported that a system of key national indicators currently under development in the U.S.⁶ could contribute to the implementation of the act's requirements for establishing crosscutting goals as well as agency-level goals.⁷ Such a system aims to aggregate essential statistical measures of economic, social, and environmental issues to provide reliable information on a country's condition, offering a shared frame of reference that enables collective accountability. Federal officials could look to measures included in a system of key national indicators to highlight areas in need of improvement and could use this information to inform the selection of future crosscutting and agency-level goals. Also, by providing information on economic, social, and environmental conditions and trends across the nation, a key indicator system may help provide context and a broader perspective for interpreting how the federal government's efforts contribute to national outcomes.

⁶The Patient Protection and Affordable Care Act established a Commission on Key National Indicators that will enter into an arrangement with the National Academy of Sciences to establish a U.S. key national indicator system. Pub. L. No. 111-148, § 5605, 124 Stat. 119, 680–684 (2010).

⁷GAO, *Key Indicator Systems: Experiences of Other National and Subnational Systems Offer Insights for the United States*, GAO-11-396 (Washington, D.C.: Mar. 31, 2011).

The crosscutting approach required by the act will provide a much needed basis for more fully integrating a wide array of federal activities as well as a cohesive perspective on the long-term goals of the federal government that is focused on priority policy areas. It could also be a valuable tool for governmentwide reexamination of existing programs and for considering proposals for new programs.

Our recent report on duplication, overlap, and fragmentation highlights a number of areas where a more crosscutting approach is needed—both across agencies and within a specific agency. We found that duplication and overlap occur because programs have been added incrementally over time to respond to new needs and challenges, without a strategy to minimize duplication, overlap, and fragmentation among them. Also, there are not always interagency mechanisms or strategies in place to coordinate programs that address crosscutting issues, which can lead to potentially duplicative, overlapping, and fragmented efforts.

Effective GPRAMA implementation could help inform reexamination or restructuring efforts related to these and other areas by identifying the various agencies and federal activities—including spending programs, regulations, and tax expenditures—that contribute to each crosscutting goal. These efforts could also be supported by a system of key national indicators. For example, to influence positive movement in certain indicators, federal officials could look at all the programs that contribute to improving outcomes related to those indicators, examine how each contributes, and use this information to streamline and align the programs to create a more effective and efficient approach.

Examples from our work on duplication, overlap, and fragmentation include:

- *Teacher quality programs:* In fiscal year 2009, the federal government spent over \$4 billion specifically to improve the quality of our nation's 3 million teachers through numerous programs across the government.⁸ Federal efforts to improve teacher quality have led to the creation and expansion of a variety of programs across the federal government; however, there is no governmentwide strategy to minimize fragmentation, overlap, or duplication among these many

⁸GAO, *Opportunities to Reduce Potential Duplication in Federal Teacher Quality Programs*, GAO-11-510T (Washington, D.C.: Apr. 13, 2011).

programs. Specifically, we identified 82 distinct programs designed to help improve teacher quality, either as a primary purpose or as an allowable activity, administered across 10 federal agencies. The proliferation of programs has resulted in fragmentation that can frustrate agency efforts to administer programs in a comprehensive manner, limit the ability to determine which programs are most cost effective, and ultimately increase program costs.

Department of Education (Education) officials believe that federal programs have failed to make significant progress in helping states close achievement gaps between schools serving students from different socioeconomic backgrounds, because in part, federal programs that focus on teaching and learning of specific subjects are too fragmented to help state and district officials strengthen instruction and increase student achievement in a comprehensive manner. Education has established working groups to help develop more effective collaboration across Education offices, and has reached out to other agencies to develop a framework for sharing information on some teacher quality activities, but it has noted that coordination efforts do not always prove useful and cannot fully eliminate barriers to program alignment.

Congress could help eliminate some of these barriers through legislation, particularly through the pending reauthorization of the Elementary and Secondary Education Act of 1965 and other key education bills. Specifically, to minimize any wasteful fragmentation and overlap among teacher quality programs, Congress may choose either to eliminate programs that are too small to evaluate cost effectively or to combine programs serving similar target groups into a larger program. Education has already proposed combining 38 programs into 11 programs in its reauthorization proposal, which could allow the agency to dedicate a higher portion of its administrative resources to monitoring programs for results and providing technical assistance.

- *Military health system:* The Department of Defense's (DOD) Military Health System (MHS) costs have more than doubled from \$19 billion in fiscal year 2001 to \$49 billion in 2010 and are expected to increase to over \$62 billion by 2015. The responsibilities and authorities for the MHS are distributed among several organizations within DOD with no central command authority or single entity accountable for minimizing costs and achieving efficiencies. Under the MHS's current command structure, the Office of the Assistant Secretary of Defense for Health

Affairs, the Army, the Navy, and the Air Force each has its own headquarters and associated support functions.

DOD has taken limited actions to date to consolidate certain common administrative, management, and clinical functions within its MHS. To reduce duplication in its command structure and eliminate redundant processes that add to growing defense health care costs, DOD could take action to further assess alternatives for restructuring the governance structure of the military health system. In 2006, if DOD and the services had chosen to implement one of the reorganization alternatives studied by a DOD working group, a May 2006 report by the Center for Naval Analyses showed that DOD could have achieved significant savings. Our adjustment of those savings from 2005 into 2010 dollars indicates those savings could range from \$281 million to \$460 million annually, depending on the alternative chosen and the numbers of military, civilian, and contractor positions eliminated. The Under Secretary of Defense for Personnel and Readiness has recently established a new position to oversee DOD's military healthcare reform efforts.

- *Employment and training programs:* In fiscal year 2009, 47 federal employment and training programs in nine agencies spent about \$18 billion to provide services, such as job search and job counseling, to program participants.⁹ Most of these programs are administered by the Departments of Labor, Education, and Health and Human Services (HHS). Forty-four of the 47 programs we identified, including those with broader missions such as multipurpose block grants, overlap with at least one other program in that they provide at least one similar service to a similar population. As we reported in January 2011, nearly all 47 programs track multiple outcome measures, but only five programs have had an impact study completed since 2004 to assess whether outcomes resulted from the program and not some other cause. We examined potential duplication among three selected large programs—HHS's Temporary Assistance for Needy Families (TANF) and the Department of Labor's Employment Service, and Workforce Investment Act of 1998 (WIA) Adult programs—and found they provide some of the same services to the same population through separate administrative structures.

⁹GAO, *Employment and Training Programs: Opportunities Exist for Improving Efficiency*, GAO-11-506T (Washington: D.C.: Apr. 7, 2011).

Colocating services and consolidating administrative structures may increase efficiencies and reduce costs, but implementation can be challenging. Some states have colocated TANF employment and training services in one-stop centers where Employment Service and WIA Adult services are provided. An obstacle to further progress in achieving greater administrative efficiencies is that little information is available about the strategies and results of such initiatives. In addition, little is known about the incentives that states and localities have to undertake such initiatives and whether additional incentives are needed.

To facilitate further progress by states and localities in increasing administrative efficiencies in employment and training programs, we recommended in 2011 that the Secretaries of Labor and HHS work together to develop and disseminate information that could inform such efforts. As part of this effort, Labor and HHS should examine the incentives for states and localities to undertake such initiatives and, as warranted, identify options for increasing such incentives. Labor and HHS agreed they should develop and disseminate this information. HHS noted that it does not have the legal authority to mandate increased TANF-WIA coordination or create incentives for such efforts. As part of its proposed changes to the Workforce Investment Act of 1998, the administration proposes consolidating nine programs into three. In addition, the budget proposal would transfer the Senior Community Service Employment Program from Labor to HHS. Sustained oversight by Congress could also help ensure progress is realized.

Focusing on Addressing Weaknesses in Major Management Functions

Although agencies have made progress improving their operations in recent years, they need more effective management capabilities to better implement new programs and policies. As part of the new governmentwide framework created by GPRAMA, OMB is required to develop long-term goals to improve management functions across the government. The act specifies that these goals should include five areas: financial management, human capital management, information technology management, procurement and acquisition management, and

real property management.¹⁰ All five of these areas have been identified by GAO as key management challenges across the government.¹¹

Moreover, some aspects of these areas have warranted our designation as high risk, either governmentwide or at certain agencies. For example, although significant improvements have been made since we initially designated it as high risk in 2001, strategic human capital management in the federal government remains high risk because of a need to address current and emerging critical skills gaps that are undermining agencies' abilities to meet their vital missions. Another example is financial management at DOD, which we designated as high risk in 1995 due to pervasive financial and related business management systems and control deficiencies.

In addition, a number of the cost-savings or revenue-enhancement opportunities we recently identified touch on needed improvements to management functions.¹² Examples include:

- *Noncompetitive contracts:* Federal agencies generally are required to award contracts competitively, but a substantial amount of federal money is being obligated on noncompetitive contracts annually. Federal agencies obligated approximately \$170 billion on noncompetitive contracts in fiscal year 2009 alone. While there has been some fluctuation over the years, the percentage of obligations under noncompetitive contracts recently has been in the range of 31 percent to over 35 percent.

Although some agency decisions to forego competition may be justified, we found that when federal agencies decide to open their contracts to competition, they frequently realize savings. For example, the Department of State (State) awarded a noncompetitive contract for installation and maintenance of technical security equipment at U.S. embassies in 2003. In response to our recommendation, State subsequently competed this requirement, and in 2007 it awarded contracts to four small businesses for a total savings of over \$218 million. In another case, we found in 2006 that the Army had awarded

¹⁰31 U.S.C. § 1120(a)(1)(B).

¹¹More information on our work related to challenges in these five management functions is available at <http://www.gao.gov/highrisk/challenges/>.

¹²GAO-11-318SP.

noncompetitive contracts for security guards, but later spent 25 percent less for the same services when the contracts were competed.

In July 2009, OMB called for agencies to reduce obligations under new contract actions that are awarded using high-risk contracting authorities by 10 percent in fiscal year 2010. These high-risk contracts include those that are awarded noncompetitively and those that are structured as competitive but for which only one offer is received.

While sufficient data are not yet available to determine whether OMB's goal was met, we are currently reviewing the agencies' savings plans to identify steps taken toward that goal, and will continue to monitor the progress agencies make toward achieving this and any subsequent goals set by OMB.

- Undisbursed grant balances:* Past audits of federal agencies by GAO and Inspectors General, as well as agencies' annual performance reports, have suggested grant management challenges, including failure to conduct grant closeouts and undisbursed balances, are a long-standing problem. In August 2008, we reported that during calendar year 2006, about \$1 billion in undisbursed funding remained in expired grant accounts in HHS's Payment Management System—the largest civilian grant payment system, which multiple agencies use. In August 2008, we recommended that OMB instruct all executive departments and independent agencies to track undisbursed balances in expired grant accounts and report on the resolution of this funding in their annual performance plan and Performance and Accountability Reports. As of April 2011, OMB had not issued guidance to all agencies to track and report on such balances.
- Unneeded real property:* Many federal agencies hold real property they do not need, including property that is excess or underutilized. Excess and underutilized properties present significant potential risks to federal agencies because they are costly to maintain. For example, in fiscal year 2009, agencies reported underutilized buildings accounted for over \$1.6 billion in annual operating costs. In a June 2010 Presidential Memorandum to federal agencies, the administration established a new target of saving \$3 billion through disposals and other methods by the end of fiscal year 2012; the President reiterated this goal in his 2012 budget. However, federal agencies continue to face obstacles to disposing of unneeded property, such as requirements to offer the property to other federal agencies, then to state and local governments and certain nonprofits at no cost. If these entities cannot use the property, agencies may also need to comply with costly historic preservation or environmental cleanup

requirements before disposing of the property. Finally, community stakeholders may oppose agencies' plans for property disposal.

OMB could assist agencies in meeting their property disposal target by implementing our April 2007 recommendation of developing an action plan to address key problems associated with disposing of unneeded real property, including reducing the effect of competing stakeholder interests on real property decisions. The President's fiscal year 2012 budget proposed the Civilian Property Realignment Act (CPRA), which was recently introduced in the House of Representatives. The act would establish a Civilian Property Realignment Board modeled on the Base Closure and Realignment Commission. We are engaged in discussions with Congress to determine how we can best support Congress, should the act become law.

Ensuring Performance Information Is Both Useful and Used in Decision Making

Agencies need to consider the differing information needs of various users—such as agency top leadership and line managers, OMB, and Congress—to ensure that performance information will be both useful and used in decision making. We have previously reported that to be useful, performance information must meet diverse users' needs for completeness, accuracy, validity, timeliness, and ease of use. GPRAMA puts into place several requirements that could address these needs.

- *Completeness:* Agencies often lack information on the effectiveness of programs; such information could help decision makers prioritize resources among programs. Our work on overlap and duplication has found crosscutting areas where performance information is limited or does not exist. For example, not enough is known about the effectiveness of many domestic food assistance programs—an area where three federal agencies administer 18 programs, covering more than \$62.5 billion in spending in fiscal year 2008. Research suggests that participation in 7 of the 18 programs—including the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC), the National School Lunch Program, the School Breakfast Program, and SNAP—is associated with positive health and nutrition outcomes consistent with programs' goals, such as raising the level of nutrition among low-income households, safeguarding the health and well-being of the nation's children, and strengthening the agricultural economy. Yet little is known about the effectiveness of the remaining 11 programs because they have not been well studied. In another area, economic development, where four agencies administer 80 programs, a lack of information on program outcomes is a current and long-standing problem. In shedding light on these and other areas, the new

crosscutting planning and reporting requirements could lead to the development of performance information in areas that are currently incomplete.

- *Accuracy and validity:* Agencies are required to disclose more information about the accuracy and validity of their performance information in their performance plans and reports, including the sources for their data and actions to address limitations to the data.
- *Timeliness and ease of use:* While agencies will continue to report annually on progress towards the rest of their goals, GPRAMA requires reporting for governmentwide and agency priority goals on a quarterly basis. By also requiring information to be posted on a governmentwide Web site, the act will make performance information more accessible and easy to use by stakeholders and the public, thus fostering transparency and civic engagement.

In addition, to help ensure that performance information is used—not simply collected and reported as a compliance exercise—GPRAMA requires top leadership and program officials to be involved in quarterly reviews of priority goals. During these sessions, they are expected to review the progress achieved toward goals; assess the contributions of underlying federal organizations, programs, and activities; categorize goals by their risk of not being achieved; and develop strategies to improve performance.

To be successful, these officials must have the knowledge and experience necessary to use and trust the information they are gathering. Building analytical capacity to use performance information and to ensure its quality—both in terms of staff trained to do the analysis and availability of research and evaluation resources—is critical to using performance information in a meaningful fashion and will play a large role in the success of government performance improvements. Federal officials must understand how the performance information they gather can be used to provide insight into the factors that impede or contribute to program successes; assess the effect of the program; or help explain the linkages between program inputs, activities, outputs, and outcomes.

Our periodic surveys of federal managers on government performance and management issues have found a positive relationship between agencies providing training and development on setting program performance goals

and the use of performance information when setting or revising performance goals.¹³ These surveys have also found a significant increase in training between our initial survey in 1997 and our most recent one in 2007.¹⁴ However, only about half of our survey respondents in 2007 reported receiving any training that would assist in strategic planning and performance assessment. We previously recommended that OMB ensure that agencies are making adequate investments in training on performance planning and measurement, with a particular emphasis on how to use performance information to improve program performance.¹⁵ Consistent with this, according to the President's Fiscal Year 2012 Budget, in the coming year OMB and the Performance Improvement Council intend to help agencies strengthen their employees' skills in analyzing and using performance information to achieve greater results.¹⁶

To further develop this capacity, within 1 year of enactment, GPRAMA requires the Office of Personnel Management (OPM), in consultation with the Performance Improvement Council, to identify the key skills and competencies needed by federal employees to carry out a variety of performance management activities including developing goals, evaluating programs, and analyzing and using performance information. Once those key skills and competencies are identified, OPM is then required to incorporate those skills and competencies into relevant position classifications and agency training no later than 2 years after enactment.

¹³GAO, *Results-Oriented Government: GPRA Has Established a Solid Foundation for Achieving Greater Results*, GAO-04-38 (Washington, D.C.: Mar. 10, 2004).

¹⁴GAO, *Government Performance: Lessons Learned for the Next Administration on Using Performance Information to Improve Results*, GAO-08-1026T (Washington, D.C.: July 24, 2008).

¹⁵GAO-04-38.

¹⁶OMB, *Analytical Perspectives, Budget of the United States Government, Fiscal Year 2012*, p. 79.

Sustaining Leadership Commitment and Accountability for Achieving Results

Perhaps the single most important element of successful management improvement initiatives is the demonstrated commitment of top leaders. This commitment is most prominently shown through the personal involvement of top leaders in developing and directing reform efforts. Organizations that successfully address their long-standing management weaknesses do not “staff out” responsibility for leading change. Top leadership involvement and clear lines of accountability for making management improvements are critical to overcoming organizations’ natural resistance to change, marshalling the resources needed in many cases to improve management, and building and maintaining the organizationwide commitment to new ways of doing business.

GPRAMA creates several new leadership structures and responsibilities aimed at sustaining attention on improvement efforts at both the agency and governmentwide levels. The act designates the deputy head of each agency as Chief Operating Officer (COO), with overall responsibilities for improving the management and performance of the agency. In addition, the act requires each agency to designate a senior executive as Performance Improvement Officer (PIO) to support the COO. The act also establishes a Performance Improvement Council—chaired by the OMB Deputy Director for Management and composed of PIOs from various agencies—to assist the Director of OMB in carrying out the governmentwide planning and reporting requirements.

GPRAMA also creates individual and organizational accountability provisions that have the potential to keep attention focused on achieving results. For each governmentwide performance goal, a lead government official is to be designated and held responsible for coordinating efforts to achieve the goal. Similarly, at the agency level, for each performance goal, an agency official, known as a goal leader, will be responsible for achieving the goal. To promote overall organizational accountability, the act requires OMB to report each year on unmet agency goals. Where a goal has been unmet for 3 years, OMB can identify the program for termination or restructuring, among other actions.

Engaging Congress in Identifying Management and Performance Issues to Address

In order for performance improvement initiatives to be useful to Congress for its decision making, garnering congressional buy-in on what to measure and how to present this information is critical. In past reviews, we have noted the importance of considering Congress a partner in shaping agency goals at the outset. Congressional committee staff, in discussing the Program Assessment Review Tool (PART)¹⁷ developed by the previous administration, told us that communicating the PART assessment results was not a replacement for the benefit of early consultation between Congress and OMB about what they consider to be the most important performance issues and program areas warranting review.¹⁸

While GPRA called for agencies to consult with Congress on their strategic plans, the act did not provide detailed or specific requirements on the consultation process or how agencies were to treat information obtained. GPRAMA significantly enhances requirements for agencies to consult with Congress when establishing or adjusting governmentwide and agency goals. OMB and agencies are to consult with relevant committees, obtaining majority and minority views, about proposed goals at least once every 2 years. In addition, OMB and agencies are to describe on the governmentwide Web site or in their strategic plans, respectively, how they incorporated congressional input into their goals.

Beyond this opportunity to provide input to OMB and agencies as they shape their plans, Congress can also play a decisive role in fostering results-oriented cultures in the federal government by using information on agency goals and results as it carries out its legislative responsibilities. For example, authorizing, appropriations, and oversight committees could schedule hearings to determine if agency programs have clear performance goals, measures, and data with which to track progress and whether the programs are achieving their goals. Where goals and objectives are unclear or not results oriented, Congress could articulate the program outcomes it expects agencies to achieve. This would provide important guidance to agencies that could then be incorporated in agency strategic and annual performance plans. Most important, congressional

¹⁷OMB described PART, which was created in 2002, as a diagnostic tool meant to provide a consistent approach to evaluating federal programs as part of the executive budget formulation process.

¹⁸GAO, *Performance Budgeting: PART Focuses Attention on Program Performance, but More Can Be Done to Engage Congress*, GAO-06-28 (Washington, D.C.: Oct. 28, 2005).

use of agency goals and measured results in its decision making will send an unmistakable message to agencies that Congress considers agency performance a priority.

Over the years, the Committee on Homeland Security and Governmental Affairs and its predecessors have done commendable work focusing attention on improving government management and performance—by reporting out legislation, such as the original GPRA and GPRAMA, and through hearings, such as this one. Moving forward, congressional oversight and sustained attention by top administration officials will be essential to ensure further improvement in the performance of federal programs and operations. In fact, as we noted in our recent high-risk issues report, these two factors were absolutely critical to making the progress necessary for the DOD Personnel Security Clearance Program and the 2010 Census to be removed from our high-risk list.¹⁹

GAO's Role in Evaluating GPRAMA, High Risks, and Other Major Government Challenges

Realizing the promise of GPRAMA for improving government performance and accountability and reducing waste will require sustained oversight of implementation. GAO played a major role in evaluating the implementation of the original GPRA's strategic and annual performance planning requirements including various pilot provisions. For example, by evaluating agency plans during a pilot phase, we were able to offer numerous recommendations for improvement that led to more effective final plans.²⁰ We further supported implementation by reporting on leading management practices that agencies should employ as they implemented GPRA.²¹ It is worth noting that much of our work on government performance has been conducted at the request of the Committee on Homeland Security and Governmental Affairs and your two subcommittees, showing a sustained commitment to ensure GPRA was effectively implemented.

¹⁹GAO-11-278.

²⁰See for example, GAO, *Managing for Results: Critical Issues for Improving Federal Agencies' Strategic Plans*, GAO/GGD-97-180 (Washington, D.C.: Sept. 16, 1997) and *Managing for Results: An Agenda to Improve the Usefulness of Agencies' Annual Performance Plans*, GAO/GGD/AIMD-98-228 (Washington, D.C.: Sept. 8, 1998).

²¹See for example, GAO, *Executive Guide: Effectively Implementing the Government Performance and Results Act*, GAO/GGD-96-118 (Washington, D.C.: June 1996).

Similarly, GPRAMA includes provisions requiring GAO to review implementation of the act at several critical junctures, and provide recommendations for improvements to implementation of the act. First, following a period of initial implementation, by June 2013, GAO is to report on implementation of the act's planning and reporting requirements—at both the governmentwide and agency levels. Subsequently, following full implementation, by September 2015 and 2017, GAO is to evaluate whether performance management is being used by federal agencies to improve the efficiency and effectiveness of agency programs. Also in September 2015 and 2017—and every 4 years thereafter—GAO is to evaluate the implementation of the federal government priority goals and performance plans, and related reporting required by the act.

Looking ahead, a number of other required recurrent reports will help to inform Congress about government management and performance. For example, GAO has an ongoing statutory requirement to report each year on federal programs, agencies, offices, and initiatives, either within departments or governmentwide, which have duplicative goals or activities.²² In addition, each year GAO reports on its audit of the consolidated financial statements of the U.S. government²³ and the condition of federal financial management systems.²⁴ GAO continues to report periodically to Congress on the adequacy and effectiveness of agencies' information security policies and practices and other requirements of the Federal Information Security Management Act of 2002.²⁵

Additionally, the Presidential Transition Act of 2000²⁶ identifies GAO as a source of briefings and other materials to help inform presidential appointees of the major management issues, risks, and challenges they will face. During the last presidential transition, we identified for Congress and the new administration urgent issues and key program and management challenges in the major departments and across government. Finally, GAO

²²Pub. L. No. 111-139, § 21, 124 Stat. 8, 29 (2010), 31 U.S.C. § 712 note.

²³31 U.S.C. § 331(e)(2).

²⁴31 U.S.C. § 3512 note.

²⁵E-Government Act of 2002, Pub. L. No. 107-347, Title III, 116 Stat. 2899, 2946 (2002).

²⁶Pub. L. No. 106-293, §2(3), 114 Stat. 1035 (2000).

reports to each new Congress on government operations that it identifies as high risk due to their greater vulnerabilities to fraud, waste, abuse, and mismanagement or the need for broad-based transformation to address economy, efficiency, or effectiveness challenges.

In conclusion, everything must be on the table as we address the federal long-term fiscal challenge. While the long-term outlook is driven on the spending side of the budget by rising health care costs and demographics, other areas of the budget should not be exempt from scrutiny. All areas should be reexamined in light of the contributions they make to achieving outcomes for the American public. If programs are overlapping, fragmented, or duplicative, they must be streamlined. Programs and management functions at significant risk of waste, fraud, and abuse must be corrected. GPRAMA provides the administration and Congress with new tools to identify strategies that are achieving results as well as those that are ineffective, duplicative, or wasteful that could be eliminated. GAO stands ready to help Congress ensure that the act's promises are met.

Thank you, Chairmen Akaka and Carper, Ranking Members Johnson and Brown, and Members of the Subcommittees. This concludes my prepared statement. I would be pleased to answer any questions you may have.

Contacts

For further information on this testimony, please contact Bernice Steinhardt, Director, Strategic Issues, at (202) 512-6543 or steinhardt@gaio.gov. Key contributions to this testimony were made by Elizabeth Curda (Assistant Director), and Benjamin T. Licht. Contact points for our Congressional Relations and Public Affairs offices may be found on the last page of this statement.

Appendix I: GPRA Modernization Act of 2010 Implementation

Implementation of Selected Requirements Provided in the GPRA Modernization Act of 2010

Key Date	Implementation Requirement
June 30, 2011	Agency quarterly priority progress reviews , consistent with the requirements of the act, begin for the goals contained in the Fiscal Year 2011 Budget of the United States Government.
February 6, 2012	OMB publishes interim federal government priority goals and prepares and submits a federal government performance plan consistent with the requirements of the act. Agencies adjust their current strategic plans , prepare and submit performance plans , and identify new or update existing agency priority goals to make them consistent with the requirements of the act.
No later than February 27, 2012	Agencies make performance reporting updates on their fiscal year 2011 performance consistent with the requirements of the act.
June 30, 2012	OMB begins federal government quarterly priority progress reviews .
No later than October 1, 2012	OMB launches a single governmentwide performance website .
February 3, 2014	Full implementation of the act with a new strategic planning cycle.

Source: GAO analysis of the GPRA Modernization Act of 2010, Pub. L. No. 111-352, 124 Stat. 3866 (2011), and its accompanying committee report, S. Rept. 111-372.

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Please Print on Recycled Paper

Thank you for inviting me to testify this afternoon.

My name is Robert Shea and I am a Principal of Grant Thornton LLP, one of the six global audit tax and advisory organizations. I work in Grant Thornton's Global Public Sector (GPS), based in Alexandria, Virginia. Our mission is to provide responsive and innovative financial, performance management, and systems solutions to governments and international organizations. Grant Thornton GPS provides expert performance management advice to major federal departments and agencies, as well as to state and local governments.

I'm proud to talk about effective ways to implement the recently enacted Government Performance and Results Modernization Act of 2010 before the committee that enacted the first GPRA almost twenty years ago. That law laid a strong foundation for more rigorous performance management practices to take hold across government. The new law builds on progress made and enhances the tools we have to improve the government's performance. For it to be successful, though, Congress must ensure the executive branch appoints leaders who understand the power of performance information and aren't afraid to use it to transform organizations. Congress must also take an active role in ensuring the provisions of the act are implemented urgently and as intended. Agencies must be held accountable for taking the act's requirements seriously, and invest the time, effort, and resources required to make them work.

GPRA laid a foundation for outcome-oriented government

It was in this committee that government-wide efforts to improve performance management began. Enactment of GPRA in 1993 was a key milestone in the transition of government from one that measures activities or outputs to one that measures outcomes and evaluates impact. Because of the efforts of this committee, government has come a long way from satisfying ourselves with measuring the success of programs by the number of regulations issued or grants made. Today, more often than not, it is clear what outcomes agencies are trying to achieve and how they will measure success along the way.

Despite the progress made as a result of GPRA, not enough of our time in government is focused on assessing whether goals are being achieved and, if not, what to do about it. The GPRA Modernization Act provides an excellent framework for ensuring greater focus on what works, what doesn't, and what we can do to improve.

Leadership

Perhaps the most critical element in an organization's implementing the Modernization Act, and one that certainly cannot be legislated, is leadership. In a Performance Improvement Officer survey conducted jointly by Grant Thornton and the Partnership for Public Service, the quality of leadership was often cited as key to the success of an agency's performance management system:

In cases where leadership is lacking, performance improvement officers said the tendency is to go through the motions and complete required reports without actually accomplishing anything concrete. One interviewee said, "When you don't have the support of leadership, your default is compliance." Another performance improvement officer added: "Our

*leadership is used to compliance, not performance management. It needs to be in the fabric of what we do. It's a mentality."*¹

In my experience, the key difference between a successful and less-than-successful organization is the quality of its leaders. Leaders who understand the difference between what is urgent and what is important can keep organizations from getting distracted and instead keep them focused on implementing effective performance improvement strategies. Leaders can also ensure that initiatives like the GPRA Modernization Act won't become just another compliance exercise. They are in the ideal position to harness the energy and creativity of the workforce in identifying improvements.

Although the GPRA Modernization Act enumerates important qualifications for chief operating officers and performance improvement officers, it will be incumbent on the Obama Administration and Congress to ensure that the COO positions that were to be filled by the May 2nd deadline are filled with experienced individuals who have managed organizations using data to drive change and improvement. Party loyalty and policy familiarity should take a back seat to questions of managerial expertise and past success. Leaders with strong experience in managing successful organizations will either have direct experience with — or at least be able to sift through — the countless management improvement initiatives thrust on agencies. These abilities will enable them to put together accountability mechanisms that fit the environment in which they are working.

Strong leaders understand the value of honest and accurate data. There is a tendency, especially in government, not to want to report performance information if it will highlight failure or poor performance. In our political environment, the opposition to transparency is based on the fear it would put the organization or its political leadership in a negative light. But if we want to achieve important objectives, clear, outcome-oriented goals and honest, accurate, and timely data are critical. Congress should give agencies clear feedback on what goals are important and assess the timeliness, accuracy, and usefulness of publicly reported data.

GPRA Modernization Act Implementation

The GPRA Modernization Act was signed by the President more than four months ago. OMB issued guidance to agencies in April outlining the bill's new requirements. It is currently considering more detailed guidance to assist agency implementation of the new law. I hope this committee is consulting closely with OMB on what guidance agencies will receive. As it does, I hope the committee engages OMB in a constructive dialogue on just what it meant when it wrote the original law and what it expects in implementation of the GPRA Modernization Act. The Committee should also hold OMB's feet to the fire to ensure the tenets of the new law are implemented faithfully and constructively. A strong partnership between OMB and Congress is critical to the act's success. But ongoing oversight by this committee will also be required.

¹ Partnership for Public Service and Grant Thornton LLP; *A Critical Role at a Critical Time*; April 2011. (See <http://tinyurl.com/4yup8a4>.)

Agencies, Congress, and the Administration must report and use clear and candid performance information

Using performance information in decision-making does not come naturally to the federal government. Of course, there is a tendency to measure things that are easy. With budgets increasingly constrained, performance information should be used in the budget process to ensure investments have the greatest impact. Performance information should also be used in the authorization and oversight process to hold programs and agencies accountable. Further, performance information is useful in assessing and improving government contracts, grants, and personnel. There is no limit to the use of reliable performance information given that federal agencies have been collecting and reporting on some form of performance information for the better part of a decade.

The GPRA Modernization Act makes it clear that agencies are responsible for using data to manage and report in a transparent manner for public consumption. Your committee's report on the bill describes one of the relevant provisions: "This section also requires that, at each agency, the head of the agency and the agency's COO [Chief Operating Officer], with the support of the agency PIO [Performance Improvement Officer], conduct an analogous quarterly review to review priority goals with the appropriate goal leaders."² This quarterly review process can greatly improve agency attention to performance, although this simple requirement is not enough. The public website required of the Act, www.performance.gov, should include candid, actionable data on progress toward reported goals that is meaningful to the public at large.

Measuring progress toward outcomes often spans many years. The GPRA Modernization Act reminds agencies that they must clearly describe how performance goals contribute to the achievement of long-term, outcome-oriented strategic goals. The regular reporting of progress on these interim goals will give stakeholders, including Congress, a better idea of what progress is being made in the absence of more timely, outcome-oriented performance information. It is critical, however, that agencies provide the information in a form tailored to their specific stakeholders. This will require ongoing consultation between the agencies responsible for achieving the goals; their appropriations, authorizing, and oversight committees; and ultimately the public.

The executive branch shares a responsibility not only to demand clear and useful performance information, but also to ensure agencies are collaborating with their stakeholders and each other to reduce redundancies, increase efficient delivery of program outcomes, and improve their collective performance. Much attention has been focused on the President's State of the Union Address discussion of reorganizing government to eliminate program duplication. The GPRA Modernization Act includes important requirements that can improve coordination among duplicative programs.

One of the act's most exciting features is the requirement that the Federal Government Performance Plan include governmentwide goals and an inventory of the multiple agencies or

² Report of the Committee on Homeland Security and Governmental Affairs, United States Senate; *GPRA Modernization Act of 2010*; Senate Report 111-372; 111th Congress, 2nd Session; December 16, 2010; at 17. (See <http://www.gpo.gov/fdsys/pkg/CRPT-111srpt372/pdf/CRPT-111srpt372.pdf>.)

programs that contribute to their achievement. A source I hope the executive branch consults is the Commission on Key National Indicators.³ Established by Congress with an authorization of \$70 million, the Commission is another example of Congress' commitment to improving the government's performance in certain crosscutting areas. At the Commission's website, www.stateoftheusa.org, you can find an initiative that's attempting to show where the nation stands on important issues facing this country.

The Administration's administrative flexibility initiative also has great potential to improve collaboration among like programs trying to serve similar constituencies. In February, the President issued a memorandum "instructing agencies to work closely with State, local, and tribal governments to identify administrative, regulatory, and legislative barriers in Federally funded programs that currently prevent States, localities, and tribes, from efficiently using tax dollars to achieve the best results for their constituents."⁴ Just last month, OMB followed that memorandum with more detailed guidance to agencies on how they should identify and implement greater flexibility to reduce unnecessary burdens on state and local governments in order to improve the achievement of common outcomes. If implemented as intended, this initiative can vastly improve cross-agency and cross-government collaboration.

The promise of rigorous independent program evaluation

Although use of performance information in day-to-day (or quarter-to-quarter) management is important, programs sometimes require a more rigorous evaluation to ensure they are having the intended impact. To prove a program is working, rigorous, random, and controlled independent evaluations can isolate the impact a program is having from other factors. The non-profit sector is has the lead in this area, but the federal government is not far behind. One of the promising initiatives led by OMB is described in a recent OMB Memorandum:

*Rigorous, independent program evaluations can be a key resource in determining whether government programs are achieving their intended outcomes as well as possible and at the lowest possible cost. Evaluations can help policymakers and agency managers strengthen the design and operation of programs. Ultimately, evaluations can help the Administration determine how to spend taxpayer dollars effectively and efficiently — investing more in what works and less in what does not.*⁵

This evaluation initiative promises to vastly expand the body of evidence we have with which to judge what works and what doesn't. Many programs, when subjected to rigorous evaluation methodologies, will not live up to their promise. Without such evidence, however, programs are implemented blindly without knowing their intended impact. Only with such evidence can you begin to adjust programs to increase their chance of success. Such evidence may also provide a more legitimate basis for eliminating those programs that aren't working. When a rigorous

³ See <http://www.stateoftheusa.org/content/commission-on-key-national-ind.php>.

⁴ Presidential Memorandum: Administrative Flexibility, Lower Costs, and Better Results for State, Local, and Tribal Governments; February 28, 2011. (See <http://www.whitehouse.gov/the-press-office/2011/02/28/presidential-memorandum-administrative-flexibility>.)

⁵ Office of Management and Budget; Memorandum for the Heads of Executive Departments and Agencies: Increased Emphasis on Program Evaluations; October 7, 2009; M-10-01. (See http://www.whitehouse.gov/sites/default/files/omb/assets/memoranda_2010/m10-01.pdf.)

evaluation reveals that a program is having a significant positive impact, these revelations should get your attention. Replicating that success should be a primary focus of the program, the agency, Congress, and the Obama Administration. The more evaluations we conduct, the more evidence we have of what's working. The more evidence we have of what's working, the more we can allocate tax dollars to the greatest benefit.

Conclusion

Like the performance management initiatives before them, the GPRA Modernization Act is an important milestone in our on-going quest to make government more efficient and effective. This Committee played an important role in GPRA's early success and can play an even more constructive part today. Assigning accountability for improved performance and outlining transparency requirements can go a long way toward improving program success. If Congress and the executive branch work together to provide active, persistent oversight, the potential benefits of this effort are enormous.

The GPRA Modernization Act: Realizing the Full Promise of Performance Management

Paul L. Posner
George Mason University

Chairs and Members of the Subcommittees

I appreciate the opportunity to share my perspectives on the implementation of the GPRA Modernization Act and the future prospects for performance management and budgeting.

The passage of the 2010 Modernization Act constituted an important milestone in a decades-long journey to use performance measures to inform decisions and manage far flung federal programs. The Act offers a valuable opportunity to highlight the importance of current Administration performance initiatives, as well as institutionalize the all-important management leadership necessary to sustain performance reforms. Most critically, the Act breaks new ground in requiring OMB to establish leadership for a select number of government wide policy initiatives that cut across agency boundaries and tools of government.

Those of us in the broad federal performance community truly have our work cut out for us. Not only must we implement the new Act, but we must do so in a way that will help us make the hard choices our fiscal challenges are forcing on us. While the new legislation promises to improve the supply chain of performance information, critical questions remain about how to motivate policymakers to use it – the demand side of the equation. We know from the checkered history of management reforms in the past that the most prodigious management reforms will fail to sustain attention by agency leaders and program managers if the new information and perspectives they provide go unrequited. It remains to be seen whether the new information will gain sufficient traction to become compelling to policymakers across the government in dealing with the most important problems facing them today, whether it be the Congress or the President.

The Act offers the potential for quantum leaps in the way we frame decisions and the information marshaled to support decision makers. However, the great gains that lie within our reach will also prompt the greatest challenges to our institutions at both ends of Pennsylvania Avenue. Reaching across agency and program boundaries to focus on those crosscutting policy areas that matter most may require nothing less than an institutional personality transplant for both Congress and the bureaucracy. Involving Congress as a partner with the Executive Branch and the President in selecting targets of opportunities for crosscutting budget and policy reviews will demand a spirit of collaboration not often seen in this town recently. While Congress should be congratulated for passing the new legislation, it will be

important for the committees to use the information generated by its own creation for its own work, whether it be budgeting, appropriating, authorizing, or oversight.

The Modernization Act in historical context

Performance-based reforms have had a long history in the United States at all levels of government. Often led by state and local initiatives, public administrators at all levels have become gripped by waves of performance reforms intended to improve performance and enhance public confidence in government. Ushered in with great expectations, reforms such as Planning-Programming-Budgeting, Zero Based Budgeting, and Total Quality Management, achieved significant improvements but are widely acknowledged to have fallen well short of their mark in institutionalizing a sustainable focus on performance within government. This checkered history of reforms encouraged a certain amount of cynicism about the efficacy of performance management to achieve lasting success in government.

We turned a new page with the 1993 enactment of the Government Performance and Results Act (GPRA). Unlike its predecessors, this legislation ushered in a long-term sustained effort by federal agencies to generate and use performance information in planning and managing their resources. Notwithstanding the failures of prior incarnations of performance management, performance management reforms in general achieved a level of continuity and sustainability that is at once both surprising and tenuous. The Act, has ushered in a period where performance information and justifications have become accepted in federal agencies, in OMB reviews and even, sporadically, in certain committees of the Congress itself. Notably, the reform has not only survived through three successive Administrations but has become a vital part of the management reform strategies of all three Administrations.

Several features of GPRA were instrumental in sustaining attention to performance. First, it was anchored in a statute passed by Congress, and accompanied by a surprising amount of Congressional oversight attention including the "scoring" of initial agency performance plans. Second, it was linked to the budget by requiring agencies to link their performance plans to their budget program activities. While agencies had primary responsibility for preparing these plans, OMB reviewed the plans as part of the budget process and eventually worked with agencies to integrate performance plans into agency budget justifications. GAO found in the first ten years that federal managers reported having significantly more types of performance measures that were linked to planning and budget decisions although more remained to be done to promote the use of this information for resource allocation.¹

¹ U.S. Government Accountability Office, Results-Oriented Government: GPRA Has Established a Solid Foundation for Achieving Greater Results (Washington, D.C.: GAO, 2004, GAO -04-38)

The Bush Administration built on the GPRA infrastructure to use performance information more actively in the executive budget process. . Through the Program Assessment Rating Tool (PART), the Bush Administration sought to systematically review the performance of very major program in the federal budget. .

While PART can be viewed as building on GPRA, there were differences to be sure. Under GPRA, it was hoped that if agencies built the performance bridge, policymakers and managers alike would use it. PART featured a more active role by OMB in using performance data to review programs using a standard set of questions. While GPRA plans and metrics were largely developed by federal agencies themselves, PART marked a significant shift in control of the performance agenda from the agencies to OMB. It was the President's budget agency that designed the process and made the final judgments on program assessments, with the active participation of the agencies.

The PART process has itself been assessed by GAO and others in the federal community. During that period, the process institutionalized more formal and systematic program reviews in the executive budget process and gave many agencies more powerful incentives to improve their performance data. ² However, by shifting control over the performance assessments to OMB, this reform was perceived by key players as reflecting the interests of one player in the process, undermining the broad support often needed to underscore the credibility of performance information.

The Obama Administration shifted away from the comprehensive and centralized model of PART toward a more selective and agency centered model. The Administration asked agencies to choose several high priority performance goals to focus on for a two year period, with quarterly reviews by OMB of their progress to achieve their own goals. The Administration retained the chief performance officers and council initiated under Bush. Notably, additional funding was provided to strengthen agency program evaluation capacity, a necessary foundation for understanding the impact of federal programs on outcomes. The GPRA Modernization Act, in fact, was intended to institutionalize the high priority goals approach initiated by OMB, with some enhancements that will be discussed below.

² U.S. Government Accountability Office, Performance Budgeting: PART Focuses Attention on Program Performance, but More Can Be Done to Engage Congress (Washington, D.C.: GAO, 2006, GAO-06-26)

Lessons Learned

The passage of the GPRA Modernization Act marks a possible inflection point in the performance movement – a time to take stock while we think through the strategies to be pursued by both the Executive Branch and the Congress in implementing the new legislation.

Our previous history has revealed some important lessons for the new performance management regime:

Real Gains in Performance are Possible

Agencies have achieved substantial gains in outcomes that matter by applying the framework of performance management to their own programs and operations.

- Coast Guard realized major reductions in accidents under its marine safety program. The advent of performance analysis prompted a shift from monitoring the number of inspections and condition of marine vessels to a focus on the reasons for underlying trends in accidents. Finding that human error and industry practice were primarily responsible for poor safety outcomes, the agency worked with the marine industry on training programs. The result was a dramatic cut in the numbers of accidents per 100,000 employees, from 91 to 27 over four years.
- FDA's office of generic drugs used performance targets and monitoring to reduce the time to review generic drug applications. As a result, the percent of applications reviewed within 180 days went from 35 to 87 percent. In addition to tracking overall progress, performance data were used on a real time basis to monitor workload across units, enabling the agency to break through bottlenecks by shifting work to less burdened units.
- The Department of Veterans Affairs health care system has systematically reformed its delivery by using health outcomes as the basis for defining what is to be achieved by its regional health services networks. The underlying trend data were used both as a basis for funding the networks but also to analyze best practices. The analysis of cardiac surgery outcomes among VA health care units, for instance, promoted the introduction of best practices throughout the system, leading to reduced morbidity in cardiac procedures.

The burden of false expectations

As we begin to implement the Modernization Act, we must right size our expectations, for inflated expectations can doom reforms perhaps more than anything else.

Some expect performance management and budgeting to transform government and policymaking from a political to an analytical process. The use of performance information for budgeting or management decisions cannot, and is not intended to, take politics out or supplant the judgments of elected officials with those of evaluators and analysts. Public sector decisions must be based on multiple criteria; these include value judgments about needs; equity in the sharing of benefits and burdens; and priorities among competing claims that, while they can be informed by analysis, are typically best resolved through the political process.

The goal of performance management and budgeting in the public sector is not to provide the **answers** to inherently political choices but rather to provide a new set of **questions** whose answers will inform those choices. Unlike the business world, if performance for vital public programs, such as reducing drug abuse, declines, there is no formula for deciding whether to cut or increase funds, or to change the underlying program design and management. The goal of performance management is to change the agenda of managers and policymakers by placing performance concerns on the radar screen, not to provide the magic bullet to unknot gridlock or solve the nation's deficits.

Balancing Supply and demand

While notable successes exist, the challenges associated with sustaining the focus on performance are daunting. For the past 18 years, agencies have been busy building a credible "supply" of performance metrics and information. In the process, they have encountered major challenges in articulating performance goals and developing measurement systems. Many agencies have multiple goals that need to be reconciled and prioritized. Agencies must develop valid data and logic models to link their program outputs to the ultimate outcomes they are trying to influence, sorting out the impact of federal programs from numerous other factors driving results. Often the most important outcomes are often those that are most difficult to measure. For instance, programs like Head Start in the investment arena can relatively easily quantify the near term benefits received by children, but not so easily measure the longer term impacts that early intervention can yield for their lives as productive adults. Ultimately, gaining the confidence of stakeholders and other experts in the relevant communities involves many iterations and years of close engagement. Building a credible supply of performance data is essential if this data is to gain sufficient legitimacy to become a compelling factor in decision making. Thus, supply often must precede demand. Yet, at some point demand for the

information must be forthcoming, or supply will wither away. So far, while demand has in fact been demonstrated within agencies, OMB and even committees of the Congress, this has largely been more episodic than systematic. The GAO's latest survey of federal employees in 2008 found that while more managers have performance measures than before, the overall use in decision making has not changed in the past 10 years.³

However, demand has many dimensions in our pluralistic system. It can constitute demand from committees in the Congress itself of course. It can also mean demand from inside the agency itself – from agency managers seeking to use performance data to oversee contractors, grantees and other agency staff. It can also include GAO and OMB, who use information for oversight, control and assessments.

To survive, performance management systems under the new Modernization Act must succeed in satisfying these potential users and others who all have to perceive a line of sight between their interests and performance information. The Administration must strive to develop performance plans and reports that can be tiered and titrated to respond to the very different needs of these different audiences. A single voluminous report, while satisfying experts and agency managers, will prove frustrating to Member of Congress seeking to capture the vital few goals and measures that matter to high level policymakers. The coexistence of the high priority performance goals under the Modernization Act alongside regular GPRA strategic and annual plans is another strategy to satisfy the needs of both high level officials and numerous other agency experts and stakeholders.

The tension between learning and control

Instilling new energy and focus often leads central leaders to impose new accountability regimes and scorecards on agencies, using natural incentives and sanctions such as shame to refocus the attention of agencies across the government. This central leadership was certainly evident during the Bush Administration as well as the current OMB leadership team. Agencies are required to report progress on a quarterly basis for their own high priority goals.

The Modernization Act institutionalizes accountability for high performance goals at both the agency and government wide levels. Leaders are to be appointed to head the goals, and periodic progress reviews and reports are required as well. The Act

³ Bernice Steinhardt, "Government Performance: Lessons Learned for the Next Administration on Using Performance Information to Improve Results", statement delivered before the Subcommittee on Federal Financial Management, Information, Federal Services, and International Security. U.S. Senate Committee on Homeland Security and Governmental Affairs, July 24, 2008

goes one step further by providing for consequences should agencies miss their targets over a three year period. Agencies would have to develop remedial plans, with the Congress ultimately being required to consider changes to legislation and funding should targets be missed over a three year period.

These changes promise to promote greater accountability and incentives for agencies to focus on high priority goals. But, like so much else in the performance movement, greater accountability to central leaders comes with a potential price. We know that when faced with sanctions, agencies often become compliance oriented, learning how to “pass the test” imposed on them without making real changes in the way programs are designed and managed. Since agencies have authority to determine their own high priority goals, the goals might be expected to become more pedestrian as the consequences for failure increase.

Ultimately, performance management achieves sustainable improvements by building a sustainable culture of learning and innovation within agencies. Ironically, more insistent and centrally driven directives can discourage the kind of learning and buy in necessary to institutionalize a culture of learning and change within agencies. The development of such learning cultures are somewhat idiosyncratic and reflect such factors as the clarity of an agency’s mission, the professionalism and cohesion of its staff and support by its many stakeholders.⁴

There is no magic formula that can be chronicled in OMB guidance or scorecards to promote a culture of learning and innovation among the agencies. The Obama Administration has usefully supported learning forums and best practice exchanges that can be perceived as enhancing agencies’ learning. The Performance Improvement Council that has gained statutory status in the new Modernization Act also can serve this purpose. Most importantly, the fact that the agencies themselves formulate their own high priority goals offers perhaps the greatest incentive for them to take ownership of this process and use it to drive through needed changes in program management and delivery.

The “weaponization” of performance information

While the demand for information is vital to sustain this movement, it is important to answer what we mean by “use” of performance information. In my view, the most productive use for performance is as a strategic tool to set direction, validate results and inform the debate for budgeting, policy reform and implementation. Performance represents a new set of perspectives that has long been missing in action when we have debates at both ends of Pennsylvania Avenue.

⁴ Donald Moynihan, The Dynamics of Performance Management (Washington, D.C.: Georgetown University Press, 2008)

However, I become concerned when performance becomes used as a formula to reward or punish claimants and employees in budget and personnel assessment processes. Here, the potential for the distortion of information and behavior is greatest. Agencies can expect to be defensive in supplying information and metrics if they know it can be used against them in some direct, formulaic manner. Moreover, performance systems often have gaps and challenges in measuring all significant outcomes, particularly those dealing with quality of services. Given the well known tendency to work to measures, the behavior of agency employees may be distorted as a result, as agencies focus primarily on those values with metrics to the exclusion of other important goals. As performance information becomes more critical in meting out rewards and sanctions, it is doubly important that the metrics and information are comprehensive and credible to avoid the inevitable gaming and challenges that are likely to arise.

Performance management, thus, exists on a knife's edge between irrelevance and overextension. Either way lies the abyss that will kill the movement. The challenge is how to walk that fine line where information informs debates without becoming a formulaic answer designed to reward or sanction measured behavior.

The New Crosscutting Focus

While each agency will face many of these, and other, challenges in implementing the Modernization Act, the legislation also levied a new responsibility on OMB to prepare crosscutting federal priority goals. This crosscutting emphasis is one of the pieces that have been missing in performance reforms in this or prior Administrations.⁵ In some respects, we had to learn to crawl by establishing performance measures within programs and agencies before taking this next, far more complex stage.

One of the lessons we have learned over the years is that achieving any important results or outcomes in government involves parallel and coordinated efforts across multiple agencies and programs. GAO has reported many examples of fragmentation, overlap, and apparent duplication, in which multiple government agencies and programs serve the same or closely related objectives.⁶

To take just one example, fragmentation in the nation's food safety inspection system causes significant performance shortfalls and quality control problems. This fragmented system is the key reason GAO added the federal oversight of food safety to its high-risk list in 2007. Fifteen federal agencies collectively administer at least

⁵ This section is based on work currently being done by Steven Redburn and the author for the Peterson-Pew Commission on Budget Reform.

⁶ Government Accountability Office, Opportunities to Reduce Potential Duplication in Government Programs. Save Tax Dollars and Enhance Revenue, March, 2011, GAO-11-318-SP

30 laws related to food safety, with inconsistent oversight and ineffective coordination. Federal spending across two major agencies involved – USDA and FDA – is mismatched with these agencies' relative responsibilities; FDA with responsibility for 80 percent of the food supply spends only 24 percent of total federal food safety dollars. Other countries' food safety systems integrate activity across the entire food supply chain, from "farm to table" by placing primary responsibility for safety on producers; separating risk assessment and risk management; conducting risk-based inspections; and taking steps to ensure certain food imports meet equivalent safety standards.

Decision-making around the new federal priority goals could be the launching pad for a new effort to improve budgeting. A government-wide performance planning requirement has long been needed to afford policymakers and the public a broader view of the outcomes achieved by interrelated portfolios of programs and subsidies. This 'portfolio perspective' could reframe budget formulation in both the executive and Congress by changing the primary unit of analysis from individual programs to broader outcomes that groups of programs are intended to influence. The development of plans on a portfolio basis would highlight the potential gains from adopting this new focus. Should this prove to be compelling to high-level policymakers, planning and budgeting in both the executive and Congress may never be the same

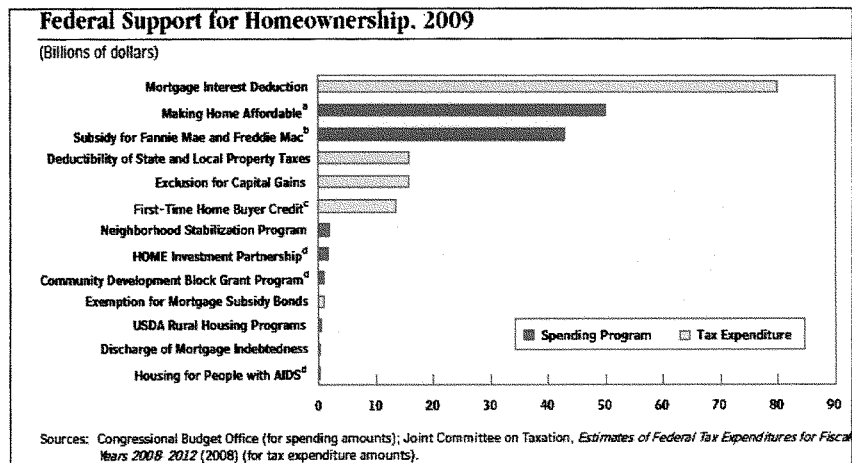
I don't need to tell you how difficult this will be to accomplish in our system. One of the reasons we have such fragmentation of programs addressing common goals is due to the presence of multiple overlapping committees in the Congress and agencies in the Executive Branch. Several strategies will help overcome some of the obvious barriers and achieve the greatest potential impact:

- Collaboration between OMB and key congressional committee leaders in selecting areas to focus on for crosscutting performance reviews
- Selective focus on a vital few areas to be undertaken each year. PART taught us that attempting to cover the entire budget can ultimately exhaust both the suppliers of information and the potential audience
- Integration across policy tools which will add significant value to current budget and performance presentations. Tax expenditures, for instance, are of equal magnitude as total federal discretionary spending, yet they are largely not considered in the executive or congressional budget processes and they remain largely immune from performance assessments
- Building from existing budget subfunctions which already use OMB budget data in focusing on broader mission areas supported across

agencies in the budget. For instance, the Natural Resource budget function includes the following subfunctions

- Water resources
- Conservation and Land Management
- Recreational Resources
- Pollution control and abatement
- Other natural resources

The following chart illustrates how critical both spending and tax expenditures are for a major federal portfolio – support of homeownership.



Other nations have used portfolio approaches to budgeting that we can learn from. For instance, Australia has launched a series of strategic reviews of a select number of cross agency missions, to include both spending and tax expenditures. The Netherlands have been doing crosscutting reviews of performance for over 30 years, involving teams of agencies, budget office and external experts in developing recommendations for groups of programs in about ten areas each year.

Congressional involvement: The Keystone to Success

As we move to the next stages ushered in by the Modernization Act, congressional involvement will be even more important to realize the goals of the act and the

promise of performance management. The Modernization Act, indeed, emphasizes consultation with the Congress in developing both government wide and agency high priority goals.

Congressional involvement is particularly critical to the success of the new crosscutting performance reviews. Congress is often the fountain from which springs forth the fragmented array of programs and tools that confound policymakers and publics alike. Is there hope that a crosscutting framework could be employed in a body with such widespread dispersal of power across committees?

While committees and subcommittees are indeed fragmented, congressional leadership has strengthened during the past several decades. Whether it involves developing health reform or negotiating budget deals with the White House, Congress has shown that it is capable of making major policy decisions on a more centralized basis than before.

When thinking about models for congressional involvement with the new crosscutting portfolio reviews, three broad pathways come to mind: collaboration, congressional oversight and congressional budgeting.

Collaboration

OMB could invite key congressional leaders from relevant committees to meet and reach agreement about those areas to be assessed in each budget year. Congress could help ensure that areas that are ripe for reexamination, such as those up for reauthorization, would get attention in the executive review process. The resulting assessment process could have greater credibility in the process. Such a process would require changes from both institutions. Congress would have to be willing to articulate its oversight and reexamination priorities more centrally. OMB would have to be willing to open up its own process to become more collaborative with the Congress in development of performance assessment – a prospect that has been resisted in the past.

Oversight

House and Senate government oversight committees have formal authority to coordinate oversight plans of congressional committees. While such authority has not been exercised with noticeable impact to date, the new crosscutting reviews may help stimulate such an initiative.

Indeed, Congress has started such reviews itself by imposing the new mandate on GAO to conduct periodic reviews of duplication and overlap. The committees can build on GAO's work, as well as OMB led cross cutting reviews, by undertaking their own reviews of portfolios of programs. Such oversight could build on GAO's work by: (1) comparing the relative effectiveness and efficiency of existing programs in achieving common performance outcomes and (2) assessing alternative strategies

to reform and restructure portfolios of programs to achieve better results with lower costs. In a recent report, the Peterson-Pew Commission on Budget Reform recommended that Congress work with GAO to trigger these reviews.⁷

Budget Process

While often led from the leadership offices themselves, the budget committees were established precisely to lead and coordinate crosscutting assessments of budgetary choices. The Budget Committee not only has a government-wide perspective, but also uses budget functions as building blocks for the budget resolution. Functions and subfunctions serve as proxies for broad missions or goals that can be the foundation for systematic performance assessments of the myriad of programs and tools addressing each mission. Moreover, the annual budget focus gives these Committees a routine responsibility that can be coupled to the performance assessment process

However it is designed, a revitalized allocation process in budgeting will be increasingly important as the fiscal constraints becoming more binding. As health and Social Security continue to eat away at the discretionary room in the budget, there will be fewer resources to respond to new and emergent problems and issues in a dynamic society with a growing population. The congressional budget process will be pressed to review claims across the board to reduce spending and increase revenues. A crosscutting portfolio review process for specific areas would strengthen the capacity of the budget committees and the Congress itself to make hard choices going forward.

The Budget Committees could be the vehicle to accomplish this by reporting out a "congressional performance resolution" as part of the budget resolution. Such a resolution could be the vehicle to engage the full Congress in debate over those areas most ripe for review and assessment each year. The resolution could be viewed as a requirement that committees undertake the assessments through hearings, GAO studies and other vehicles that they deem appropriate to reexamine the program areas identified in the resolution.

These assessments could be undertaken by committees and used to inform their own legislative and oversight processes. However, the assessments could also feed into the congressional budget process in the following year. In year 2, the committees could report their findings and policy recommendations as part of the Views and Estimates process, an established part of the budget process.

Alternatively, the assessments could become the basis for a new performance based reconciliation process the next year where the committees would be required to take actions on their findings, with the protections of the reconciliation process in place. This alternative would obviously be controversial with the committees and

⁷ Peterson-Pew Commission on Budget Reform, Getting Back to Black, November 10, 2010

many stakeholders as well. Committees might protect their programs, knowing that their assessments might be used against them the next year to force savings. However, if a reconciliation process were in the cards anyway for that year, this process would help provide committees with input into setting the reconciliation targets and process than the current process.

Conclusions

The GPRA Modernization Act could not have come at a better time. It has potential not only to revitalize performance management, but to help the nation come to grips with the hard choices that our fiscal challenges are forcing on us. Realizing the full potential of the Act will call for strengthened networks of managers at all levels in federal agencies working together, a prospect enhanced by the statutory base given to Performance Improvement Officers. .

It will also call on OMB to achieve greater integration itself to enable it to exercise policy leadership for cross cutting policies. In particular, it will be important to fully engage the agency's budget examiners to draw on their deep knowledge and leverage with the agencies. Since tax expenditures are such an important part of the federal policy presence in so many areas, OMB will also have to collaborate with Treasury to ensure that all federal subsidies are on the table when reviewing crosscutting policy areas.

Ultimately, the real gains in performance and budgeting that the new Act can bring will only come about if both the executive and legislative branches are committed to a more open, more collaborative, more results-driven approach to policy formation, oversight and annual budget formulation. It will take unprecedented levels of collaboration within the Executive Branch and Congress as well as between these often contentious bodies to achieve lasting progress.

That concludes my statement and I will be glad to answer any questions.

**Statement of
Jonathan D. Breul
Executive Director
IBM Center for The Business of Government**

before the

**Subcommittee on Oversight of Government Management,
the Federal Workforce, and the District of Columbia
and
Subcommittee on Federal Financial Management, Government Information,
Federal Services, and International Security
United States Senate**

May 10, 2011

Good afternoon, Chairmen and Members of the Subcommittees:

I am pleased to have the opportunity to testify before the Subcommittees regarding implementation of the GPRA Modernization Act of 2010, and in particular, the several important organizational changes which are designed to provide sustained, high-level leadership support and accountability for achieving results and improving management across the government.

I am Executive Director of the IBM Center for The Business of Government and a Partner in IBM's Global Business Services. The IBM Center connects public management research with practice. Since 1998, we have helped public sector executives improve the effectiveness of government with practical ideas and original thinking. We sponsor independent research by top minds in academe and the nonprofit sector and host a weekly radio show "The Business of Government Hour" which presents in-depth stories on government executives and public managers who are changing the way government does its business.

The GPRA Modernization Act

The recently enacted GPRA Modernization Act of 2010 is an important re-commitment to results-based management that builds upon the foundation of the Government Performance and Results Act of 1993. GPRA provided a sensible, bi-partisan statutory framework, that to the surprise (and perhaps disappointment) of many, outlived the forecasts of the gloomy pathologists of prior management and budget reforms.

Prior to GPRA, there were no strategic plans in the federal government; now they are present in every department and agency, as well as most bureaus, sub-agencies, programs and operating units. Strategic planning has extended agencies' time horizons to

a longer five- to six-year view, rather than the annual nature of the budget process. GPRA also greatly expanded the supply of results-oriented performance information. Agencies have improved the focus of their planning and the quality of their performance information.

Yet at the same time, GPRA has increasingly become a hollow, paperwork exercise, producing plans and reports that are unrelated to the real work of Congress and the agencies. If one were to stack up all the GPRA documents produced for Congress last year, the pile would measure over a yard high. Reporting is not timely for decision makers, and is too voluminous for users to find useful information. Appropriators and executive branch decision-makers often must wade through reams of paper to find a few kernels of useful information.

The premise of GPRA was right, but the promise has proved harder to fulfil than was expected. The transition to performance management has been exceedingly slow. The challenge now is to put performance-based, results-oriented government into practice. This is where the GPRA Modernization Act of 2010 comes into the picture. The prospects for improving government management and performance have been strengthened substantially by the new Act. It represents not only a strong re-commitment to improving government management and performance, but provides a useful set of updates and refinements.

I will devote the balance of my statement to three provisions of the Act which bring fresh attention to the need for institutional leadership.

Chief Operating Officers

The single most important ingredient in successful management improvement efforts is the demonstrated commitment of top leaders. Following enactment of the Government Performance and Results Act in August 1993, President Clinton designated deputy secretaries as their department's chief operating officers responsible for overall management and performance issues. This innovation was continued by President Bush. A significant, but so far little-noticed, provision of the GPRA Modernization Act codifies this approach by designating chief operating officers in each department and major agency. Management responsibility in federal departments and agencies is statutorily now to be assigned to agency political leadership, primarily at the deputy secretary level.

The COO position elevates management to a level where policy and management meet. The COOs are high-ranking political appointees who have responsibility for the inside, day-to-day operations of the departments and agencies – in the past most typically serving as the deputy secretary or the department's No.2 official. There have been some exceptions, most notably in the Departments of Justice, Defense, State and Treasury, where at times, the COO role has been assigned to individuals in such positions as under secretary, chief of staff, or in one case, assistant secretary.

Real management of large agencies is neither for the faint of heart nor glamour seekers. The new provision imposes an incentive and a discipline to seek people with the right qualifications for the job. Going forward, Presidential Personnel should be explicit about the COO job expectations when they recruit deputy secretaries. Whenever possible, in addition to substantive expertise, they should seek deputies that are genuinely interested in management and possess experience managing very large organizations.

The ideal COO will be a deputy secretary who has relevant management experience, policy expertise, and a close working relationship with the secretary. A COO should be able to speak for and commit an entire department. However, to the extent a department does not designate the deputy as COOs, it may be better to have someone who comes closest to fulfilling the role of COO in the department – such as a comptroller, chief of staff, or assistant secretary for management – rather than having a disinterested deputy.

Performance Improvement Officers

A second provision that has not received much notice is one that codifies the existing designation of agency-level Performance Improvement Officers (PIOs) and statutorily authorizes the Performance Improvement Council. In 2007, President Bush issued an executive order requiring major agencies to designate a “performance improvement officer” to help institutionalize and drive performance-based government, as well as ensure continuity for these efforts during the presidential transition to the next administration.

The PIOs were members of the Senior Executive Service, usually working in top positions in budget or planning, and were expected to oversee agencies’ strategic plans, annual performance plans and annual performance reports. They also were directed to review the goals of agency programs to determine if they were “sufficiently aggressive toward full achievement of the purposes of the program” and “realistic in light of authority and resources assigned to the specified agency personnel.” The PIOs meet regularly under the auspices of the Office of Management and Budget as the Performance Improvement Council.

The new law codifies these positions and defines some duties for the Council which is modeled on other successful management councils for the federal government’s chief financial officers, chief information officers and chief acquisition officers. With this structure, PIOs have a platform to share best performance management practices across government and the law now also allows the Council to develop an interagency staff. In addition, the Council will now assist the Director of OMB in carrying out his government-wide planning and reporting requirements.

Goal leaders

If organizations treat goals merely as words on paper, used in strategic and annual plans but never mentioned by managers, few in the organization will pay attention to

them. For this reason, the Act also requires that agency priority goals have a clearly identified agency official known as a “goal leader,” responsible for reaching the given goal. It will be the goal leader’s responsibility to help, motivate, cajole, and if necessary, pressure agency managers to achieve those results.

Taken together, the three sets of provisions codifying the positions of chief operating officers, performance improvement officers and goal leaders heighten the profile of management improvement and provide a leadership structure aimed at strengthening management improvement efforts at both the agency and government-wide levels.

Building performance management capacity

Simply having the institutional structure and leadership is not sufficient. In the face of mounting complexity, fact-based decisions are more important than ever for COOs, PIOs and goal leaders to drive results. Today’s “information explosion” can paralyze government agencies as they seek to make smarter decisions, deliver results and demonstrate accountability. A tremendous opportunity exists to use the growing mountain of performance information to make better, fact-based decisions. Yet, most agencies spend more time collecting and organizing data than analyzing it. To quote a PIO in a recent Partnership for Public Service study: *“We are good at collecting data, but not so good at analyzing it.”*

Analytics is the use of data and related business insights developed through applied analytic disciplines (e.g., statistical, contextual, quantitative, predictive, cognitive and other models) to drive fact-based planning, decisions, execution, management, measurement and learning.

With today’s focus on transparency and accountability, “all eyes” are on how decisions are made, money is spent and performance and progress are measured. Analytics competency is a game-changing managerial innovation. It consists of tools and technologies to make data consumable, insightful and predictive. Analytics enables smarter decisions and consequential actions that improve results. With help from OMB and the Congress, agencies need to build their performance management capacity, including embracing analytics as a core management competency.

Going forward

As you know, mismanagement is often the only type of management that gets attention on its own. Good government efforts usually remain hidden in relative obscurity. Progress has been made in many agencies in establishing measurable performance goals, focusing on management improvements needed, and putting in place the infrastructure to support required performance reporting. However, more needs to be done to put the information to use – to inform management and decision-making. To realize this goal, it will be necessary for decision makers to undertake the hard, costly,

time consuming and sometimes politically risky steps to produce and actually use performance data.

GPRA was the first major statutory effort to attempt to link resources to results since the Budget and Accounting Act of 1921. Herbert Lord who as the second Director of the (then) Bureau of the Budget said on the occasion of the implementation of the 1921 Act: *"Habits, customs, regulations, laws that the passage of more than a hundred years has built into the very machinery of government cannot be eradicated over night . . . it must be a continuing process that will require years of patient, persistent and courageous endeavor."* The same patience and persistence is called for now if the GPRA Modernization Act is to have maximum effect.

Although much more remains to be done, the GPRA Modernization Act provides agencies the tools and an institutional means for exerting leadership on management matters. In the end, no planning or reporting system, no injunction to manage well and no external criticism, regardless of the source, can alone lead to improved performance if decision makers and the public that influences them do not demand it. Consistent attention will be required to build on this foundation to make it useful and used. But it will not happen without persistent attention from the White House and Congress. The Administration cannot improve the federal government's performance and accountability on its own. It is a shared responsibility that must involve the Congress.

I would again like to thank you for the opportunity to speak before you today and would be pleased to respond to your questions.

Statement of Senator Mark R. Warner
Chairman, Task Force on Government Performance
Senate Budget Committee
May 10, 2011

HSGAC JOINT HEARING: Subcommittee on Oversight of Government Management, the
Federal Workforce, and the District of Columbia

Having worked with several Homeland Security and Government Affairs Committee Members, including Senators Carper, Akaka, Lieberman and Collins to pass the Government Performance and Results Modernization Act, I'm pleased to offer a few comments today about the implementation.

As Chair of the Budget Committee Task Force on Government Performance, I've spent time evaluating the stock of performance metrics and results from across the government and this Act provides some much needed improvements.

I've been particularly interested in the government-wide reporting structures and how this legislation can support the re-organization of the federal government to reduce duplication and overlap. I held a hearing in March of this year that explored this topic and I will continue to track how the administration will ensure that the new data and reporting that is required in the Modernization Act is used – unlike many of the previous reports.

I hope the Members of this Committee will also increase the oversight of the performance reporting associated with the Act and that we can work together to make sure other Committees are aware of the new data from the Act so they can use it too. Since we aligned the reporting and data development to the budget process, I hope we in Congress will have better information in-hand to inform our work. And I urge Members and staff to use this new information as it becomes available.

In addition, I urge OMB and the executive agencies to use the Modernization Act as an opportunity to raise the significance of performance data use in the agencies. I hope we see more performance-stat models across the agencies – like those at HUD and at Treasury – to show how results can improve when you have better information to make informed decisions. We need data-driven decision-makers in the agencies, at OMB and in Congress. Armed with better information, we can increase productivity and get better results for the tax payers.

We also need to ensure we hold senior officials in the agencies accountable and the newly created Chief Operating Officer and Chief Performance Officer positions will help us do that. Getting the right high-quality leaders in place in these roles quickly will be key to the effective implementation of our legislation.

I look forward to working with the Members of this Committee and the Administration in the coming months to ensure that this legislation is implemented effectively and am grateful for the opportunity to share my views today.

Statement of Representative Henry Cuellar

To the Oversight of Government Management, the Federal Workforce and the
District of Columbia Subcommittee and Federal Financial Management,
Government Information, Federal Services, and International Security
Subcommittee of Senate Homeland Security and Governmental Affairs Committee
on Implementing the GPRA Modernization Act
May 10, 2011

Thank you, Chairman Akaka, Ranking Member Johnson, Chairman Carper, Ranking Member Brown and members of the Committee for inviting me to testify today about the implementation phase for H.R. 2142, the Government Performance and Results Modernization Act, now Public Law 111-352. I introduced this legislation to improve the accountability of the federal government. This law will allow Congress to strengthen its oversight of the executive branch and to identify wasteful spending and ineffective management.

This is a bipartisan, good government law. I have always been an advocate for performance-based budgeting. My doctoral dissertation from the University of Texas at Austin was a comparative analysis of legislative budget oversight. It examined a results orientated budget tool that sets goals and performance targets for agencies, measured results across the American states, and explained the variations of the state policy on performance-based budgeting. In my time during the Texas State Legislature, I led state efforts to become a leader in providing efficient, effective, and accountable government for Texas and I am pleased the federal government follows.

Nearly two years ago in April 2009, I introduced in the House of Representatives H.R. 2142, cited then as the "Government Efficiency, Effectiveness, and Performance Improvement Act of 2010". In June 2010, it was reported and amended by the House Committee on Oversight and Government Reform and days later the House passed the bill by voice vote, now known as the GPRA Modernization Act. The Senate amended the bill and passed it by unanimous consent on December 16, 2010. On December 21, the House agreed to and passed the Senate amendment. It was signed into law on January 4, 2011.

Today, as we consider this law, it is important to note the evolution and intent of my legislation. I will also touch base on the implementation phase, including barriers to overcome and the cultural changes within agencies that will produce result-orientated government performance.

H.R. 2142 modernizes the Government Performance and Results Act of 1993. It requires agencies to identify ambitious goals and to perform frequent performance evaluations. The bill improves the transparency of the performance management process by requiring the results of performance assessments to be made publicly available. It provides greater accountability by requiring agencies to consider input from Congress and the public and by requiring the Government Accountability Office to perform frequent and detailed evaluations of agency implementation.

Some changes were made to the bill during consideration by the Senate. Under the Senate amendment, OMB is required to develop a federal government performance plan that addresses crosscutting program efforts. OMB is also required to work with agencies to develop federal government priority goals. The Senate amendment elevates the importance of agency Chief Operating Officers by providing that the COO be the deputy head of an agency or an equivalent position. Another addition is a provision that requires agencies to identify outdated and duplicative agency reporting requirements by 10% in the first year. In addition, an enforcement mechanism was added to the bill that provides for increasingly stringent requirements for agencies that do not meet performance goals. I believe these changes strengthened the bill, now law.

As we move into implementation, we need to draw on the experience gained over the past 17 years – applying lessons learned from the 1993 law and taking advantage of the latest technology to streamline efficiency. The transition from the burdensome, paper-mill law will now undergo reform. Agencies will have high priority, cross-cutting, ambitious goals and quarterly reporting. Congress will have the tools necessary to examine the data and make informed budgetary decisions. And with every transition, barriers and obstacles follow.

The key is to closely monitor, trouble-shoot, and expedite the implementation phase. As we move into implementation, we must not drag our feet. OMB must stay in consultation with agencies. Agencies must enforce goals, report results quarterly, and make good, efficient government a way of operations. And as a lawmaker, I hold myself just as accountable. This law will provide Congress and the public with information that we need to make responsible, informed budgetary decisions. For the first time, we will use modern technology to review and compare data to support what gets funded and what gets cut in spending. All of us have a hand in pushing the speedy implementation that is long overdue for good government standards.

Equally important is creating a cultural change within the agencies. Within agencies, senior leaders such as the Chief Operating Officer will be held accountable. Part of their duty at each major agency is to establish a Performance Improvement Officer that reports to the COO and works across agencies on cross-cutting goals. Accountability has a face now for agencies, although responsibility must be undertaken as a whole. From staff personnel to senior leaders, culture in agencies must evolve and that will be a challenge. Over time, we need to get the agencies focused on performance and results first, including the integration of improving customer service standards.

Ultimately, we are working for the taxpayer. The underline goal in this law is to create efficient, accountable government to ensure that our taxpayer dollars are spent wisely. I thank the Committee for considering this law and I look forward to continuing work on the GPRA Modernization Act. Expediting implementation will work to serve lawmakers, agencies, and the public for the betterment of government as a whole. Thank you for this time.

Questions for the Record
Submitted to the Honorable Jeffrey D. Zients
From Senator Scott P. Brown

**“Roadmap for a More Efficient and Accountable Federal Government: Implementing the
 GPRA Modernization Act”**
May 10, 2011

1. Question: The Government Performance and Results Modernization Act (GPRAMA) requires OMB, in coordination with agencies to develop every 4 years-long term, outcome-oriented goals for a limited number of crosscutting policy areas. In fiscal year 2008, 47 federal employment and training programs spent about \$18 billion to provide employment and training programs.

For example, in the area of employment and training program will the GPRAMA help OMB streamline the federal government’s employment and training programs? If so, could you elaborate on how this will be done, and who will be responsible?

OMB is moving forward aggressively to implement the GPRA Modernization Act in close collaboration with agencies. We have begun the process of developing the interim Federal Priority Goals that will be published next February along with the FY 2013 Budget to tackle outcome-oriented goals in crosscutting policy areas. OMB is currently in the process of identifying the goals, and workforce training, among other areas identified by GAO as duplicative or fragmented, are under consideration as cross-cutting goal areas. At the same time, the Administration is working to improve coordination across workforce training programs as part of the Workforce Investment Act reauthorization process.

2. Question: The Partnership for Public Service and GAO have both cited the problem that in many agencies while members of the Senior Executive Service are increasingly paying attention to the level of agency performance, employees below that level are generally not focused on organizational performance measures. What can OMB do to ensure that agencies create a performance culture where ALL employees are accountable and rewarded for contributing to the success of an agency’s goals –not just the Senior Executives?

Critical to delivering an effective government is creating a culture of performance where agencies constantly strive to achieve meaningful progress and find lower-cost ways to achieve positive impacts.

This Administration asked agency leaders to identify near-term High-Priority Performance Goals (Priority Goals) as a way to jumpstart a performance culture –transforming goal-setting and measurement from a compliance-oriented practice, which primarily produced reports for Congress that few read, to using goals and measurement to lead, improve implementation and foster innovation.

In addition to working with agency leaders on the Priority Goals, the Administration is promoting the use of the principles of the Priority Goal framework, -- treating goals,

measures, and data-driven discussions as tools that focus and drive continual progress -- across all levels of the organization.

For example, OMB, with the Performance Improvement Council, is working to strengthen the role of the Performance Improvement Officer (PIO) to support agency leaders, both the agency head and the Chief Operating Officer, to build a performance culture and performance management capacity across their organizations. OMB is also encouraging the PIOs to work with their Chief Human Capital Officers to align personnel performance objectives, feedback, appraisals and recognition with the range of actions people in organizations need to take to advance agency goals.

Finally, the Chief Human Capital Officers Council and representatives from the Labor-Management Council have been working together on improving our personnel performance management systems in the General Schedule (GS) system. A key goal in this effort is to figure out the most effective way to motivate federal employees to improve agency performance. This may entail incentives in some cases, but evidence and experience strongly suggests that, more often, it will require increased attention to constructive feedback to employees on ways to improve performance.

3. Question: The Rivlin and Domenici debt report, "Restoring America's Future" of the Bipartisan Policy Center has endorsed the concept of a shared services program, the report states "There is no reason why each and every major agency needs its own financial system, human resources system, procurement system, contracting operation, budgeting system, etc. A number of states have implemented comprehensive shared services programs, under which one organization that performs a business process particularly well is authorized to perform that service on behalf of all agencies. Such a process enables states to achieve economies of scale, while spreading best practices across the state enterprise." Could the government save money by consolidating shared services like human resources across the government?

Shared services are a key part of the Administration's IT Reform Agenda that was launched in December 2010 and data from the agency budget submissions are being used to look for additional areas where inter-agency services make sense. In January 2011 as part of IT Reform Agenda initiatives, the CIO Council launched a government-wide Data Center Consolidation Task Force to help meet the overall federal target of a minimum of 800 data center closures by 2015. These efforts build upon previous efforts to drive agencies toward shared services. Today the shared services E-Gov Initiatives cover over a half dozen federal-wide lines of business that cover financial management, grants management, human resources, geospatial services, budget formulation/execution, and the federal health architecture. For example, payroll services were consolidated saving tens of millions of dollars each year in processing expenses. The federal sector also has four established financial management shared service providers. In addition, OMB has been working with the General Services Administration on developing and promoting government wide acquisition vehicles, focusing on areas including office supplies, software licenses, domestic delivery services, and cellular phone plans.

While shared services can save money in certain areas, it is not a silver bullet and brings risks. For example, many shared services require expensive and long-term investments in

technology solutions, which must be balanced against lower cost and easier to manage short-term solutions. We are building on lessons learned to strike the right balance between the benefits of shared services with the costs and risks.

4. Question: Could you elaborate on what the Administration is doing to ensure that a more effective and efficient allocation of limited government resources by investing in what works through the Social Innovation Fund (SIF), an initiative enacted under the Edward M. Kennedy Serve America Act?
 - (a) Could you describe the standardized measures and evidence that are utilized to determine how funds are allocated under the SIF?
 - (b) Are private sector, Return on Investment (ROI) or other cost measures included in these standardized measures?
 - (c) For example, in the \$2 million BELL (Building Educated Leaders for Life) award what was the private sector contribution by the Edna McConnell Clark Foundation and the private contribution to the \$600,000 for SkillWorks: Partners for a Productive Workforce grant.
 - (d) Is there any evidence that these initiatives are saving investments by the federal government in other areas?

The Social Innovation Fund, administered by the Corporation for National and Community Service (CNCS), is a new federal grant-making initiative intended to support innovative, evidence-based nonprofits working to achieve measurable outcomes in the areas of economic opportunity, healthy futures and youth development. The grantmaking structure of the Fund is built on an intermediary model, with grant making entities serving as grantees that then make subgrants to high-impact nonprofit community organizations. Intermediaries bring a history of evidence-based decisionmaking, demonstrated expertise in identifying effective community solutions, and a track-record of investing in the strategic growth and expansion of innovative models. The Fund requires that each federal dollar granted be matched 1:1 by grantees and again by subgrantees with private and non-federal sources, for a total of a 3:1 match. Questions about specific grantees are best addressed to CNCS.

The Fund is one of several federal innovation competitions, including the Investing in Innovation (i3) fund at the Department of Education, that rely on a tiered-evidence framework to determine decisions for investment in programs that work. There are three tiers of evidence: The top tier promotes the adoption of programs and practices that "strong" evidence suggests will lead to significant improvement in results. The "moderate" tier includes organizations with some but not as much supportive evidence, while the "preliminary" level includes programs with strong potential based on preliminary research findings or reasonable hypotheses. In the context of the Fund, applicants must commit to select subgrantees that demonstrate at least "preliminary" evidence of effectiveness. Since the goal is to improve the levels of evidence over time, each grantee must then put in place plans for all subgrantees to raise their levels of proof to at least "moderate" and ideally "strong." The purpose of this is not for the grantee or subgrantee to earn further investment from the Social Innovation Fund, but to establish themselves as proven programs worthy of broader support from other private and perhaps public funders. Grantees

and subgrantees must rely on independent third-party evaluation to determine evidence of effectiveness.

Social Innovation Fund awards are available to grantees in the annual amount of \$1-10 million for up to five years, and subgrantees are eligible to receive annual awards in the amount of \$100,000 and above for a period of 3 - 5 years. Awards in the larger amounts are made to those applicants that meet the core competencies required by the notice of funding availability, which include program design, organizational capacity, and cost effectiveness. CNCS anticipates its grantees will make subgrants that reflect more substantial investment in those programs that show the highest levels of effectiveness.

CNCS launched the Social Innovation Fund in FY 2010 and made grant awards to 11 grantees. The grantees announced the results of subgrant competitions in spring 2011; to date, over \$49 million has been issued in subgrantee awards to 138 subgrantees. While it is still too early to assess the impact of the program, CNCS plans to carefully monitor progress and impact over the course of the five-year grant period. What is clear at this time is that the Fund is beginning to influence behavior in the private and nonprofit sectors with its focus on results and promotion of public-private partnerships. Grantmakers are collaborating to provide the required funds to match the \$50 million federal investment and are lowering barriers to non-federal resources through transformation of their own awards processes – resulting in more open and transparent grantmaking, which, in turn, is connecting effective community solutions to financial capital that will support their growth and scale.

5. Can you elaborate on what other Federal programs for economic developments are leveraging this matching requirement to gain private sector investment – is this a good model?

Other federal programs that are leveraging this public-private partnership model include: Innovation and Impact Funds

- Investing in Innovation Fund (I3) – Department of Education
- Green Jobs Innovation Fund – Department of Labor
- Alumni Engagement Innovation Fund – Department of State
- Impact Investing Fund – Small Business Administration part of the SBIC program

Prizes and Challenges

- Race to the Top Fund – Department of Education
- i6 Challenge – Department of Commerce
- Apps for Healthy Kids – Launched by the First Lady
- Apps 4 Africa – Launched by State Department
- G20 SME Finance Challenge – Launched by Department of Treasury

This model is responsive to a fiscal environment of reduced public and private resources. It is a new way of doing business for the federal government that directs limited resources to those programs that are proven and/or showing a demonstrated impact as determined through independent third-party evaluation. It also leverages the federal investment, drawing existing and new non-federal sources of funding to support and scale effective models.

Overall, this approach drives competition, rewards results, and stimulates a market for programs and services that focus on outcomes over outputs and can yield a social return-on-investment.

**Post-Hearing Questions for the Record
Submitted to the Honorable Jeffrey D. Zients
From Senator Daniel K. Akaka**

***Roadmap for a More Efficient and Accountable Federal Government:
Implementing the GPRA Modernization Act
May 10, 2011***

1. The GPRA Modernization Act of 2010 recognizes the critical importance of Congressional consultation in strengthening and sustaining performance management. However, as Comptroller General Dodaro noted during the hearing, the Act's consultation provisions are only minimum requirements, and Congress and the Executive Branch should take the opportunity to proactively engaging on performance issues through frequent, ongoing communication, and formal oversight hearings.

In an April 14, 2011 memorandum (M-11-17), you requested agencies begin selecting fiscal year 2012-2013 Priority Goals and submit "final proposed Priority Goals" to the Office of Management and Budget (OMB) concurrent with the submission of the fiscal year 2013 budget request. This guidance does not appear to address the Act's requirement for agencies to consult Congress when developing priority goals.

What steps will OMB take to ensure the Congressional consultation process occurs during the *development* of a strategic plan, prior to substantial drafting and vetting? Will OMB issue formal guidance in Circular A-11 addressing the consultation process?

OMB began working with agencies to determine the best way to engage Congress. We have begun to identify agencies with strong consultation processes and are sharing those practices to other agencies. For example, results from an initial cross-agency working group on congressional consultation identified that early consultation in the Priority Goal and strategic planning processes reap more value than delaying the dialogue.

We have also worked with the National Academy of Public Administration, GAO, agencies and congressional stakeholders to discuss preferred practices and anticipate that these efforts will support agencies in improving their partnership with Congress.

Finally, OMB is developing specific guidance, including in Circular A-11, which addresses GPRA Modernization Act requirements for congressional consultation. Agencies have seen and commented on draft versions of the guidance, so understand the direction in which it is going, and we expect the final guidance to be issued this summer.

2. The most significant challenges facing our Nation cannot be effectively addressed by individual programs and organizations working alone. Under the Government Performance and Results Act of 1993 (GPRA), agencies often neglected the need to work together to achieve shared goals. How will OMB work with agencies to make sure they utilize the new framework to enhance efforts to coordinate and collaborate? What specific actions will OMB take to ensure Federal and agency Priority Goals address

issues of great significance to the Congress, the Administration, and most importantly, the American people?

OMB has taken many steps to ensure that agencies collaborate to improve government performance. Many of the goals that agencies chose as their FY 2010-2011 Priority Goals required unprecedented cross-office and cross-agency collaboration. The Department of Housing and Urban Development and the Department of Veterans Affairs, for example, have been working together on a goal to reduce homelessness among veterans from approximately 194,000 homeless veterans to 59,000 by June of 2012.

As part of the process of setting the next round of Agency Priority Goals, OMB asks agencies to reach out to other agencies with whom they need to cooperate to make significant progress on a goal.

OMB is also working closely with the policy councils and agencies to identify cross-agency Priority Goals. OMB will conduct quarterly reviews of these goals to ensure sufficient collaboration and progress is occurring.

3. OMB required agencies to develop outcome-oriented goals under the High Priority Performance Goal (HPPG) initiative contained in the fiscal year 2011 budget submission. In October 2010, OMB announced the initial HPPG quarterly reviews had been conducted, and the information used to analyze agency progress would be incorporated into the pilot-version of Performance.gov. What has OMB learned from the early experience with HPPG, and how will these lessons inform implementation of the new law?

We have learned a lot over the past two years about what works in setting Priority Goals, measuring progress, and conducting data-driven reviews. Agency heads have charged their leadership teams with transforming the way their agencies use goals, measurement, analysis, and progress reviews to drive performance improvements. Some of the biggest improvements have come from organizations working across silos – even within the same department or agency.

By mandating regular data-driven reviews in law, we expect the GPRA Modernization Act to solidify, spread, and enhance the quality of this best management practice. To develop a more complete set of lessons learned, this spring the Performance Improvement Council established a cross-agency working group on data-driven reviews that meets every two weeks. The working group supports agencies in establishing effective practices for monitoring progress on Priority Goals. This working group is helping OMB and agencies to apply lessons learned from early experience. The Performance Improvement Council (PIC) is also developing an internal best practices site to allow agencies to identify useful tools, templates, and examples of successful strategies they have used in their agencies or borrowed from elsewhere.

4. Federal managers are often wary of setting truly ambitious performance goals out of concern that their agencies will become targets for cuts if they fall short. The new

framework will be more effective if agencies view it as an opportunity to drive innovation rather than a tool to punish shortcomings. How can Congress and the Administration obtain the needed buy-in for the new performance management framework?

We need agencies to pursue problems and opportunities that can have the biggest impact on the American people. A critical challenge in achieving this is ensuring that federal agencies do not avoid setting ambitious goals that government can influence but cannot fully control because they fear being punished if they fail to meet every goal.

We are approaching goal setting in a way that encourages agencies to innovate. To do this, we are placing a primary emphasis on helping agencies improve performance, not embarrassing those that miss targets - provided they pursued aggressive, smart efforts to achieve them. OMB is helping agencies work together through peer reviews and providing tools, tips and other specific assistance.

5. The fiscal year 2012 budget submission noted the Administration is working to lay the foundation to perform a comprehensive analysis of tax expenditures alongside evaluations of the effectiveness of direct spending initiatives. The Administration stated that its focus is on addressing challenges with data availability and assessing effects where the Federal Government offers multiple tax expenditures and direct spending programs aimed at the same outcome. What are the current plans for developing a framework for evaluating tax expenditure effectiveness?

The President firmly agrees with the need to address the more than \$1 trillion in annual tax expenditures. As he said in the State of the Union, "the only way to tackle our deficit is to cut excessive spending wherever we find it—in domestic spending, defense spending, health care spending, and spending through tax breaks and loopholes."

The President's 2012 Budget affirms this commitment by taking significant steps towards tackling spending in the tax code. Specifically, the 2012 Budget proposes an across-the-board 30 percent reduction in itemized deductions for high-income taxpayers. This would bring these rates back to where they were during the last year of the Reagan presidency, and if enacted, would be the largest single reduction in revenue-spending since the 1986 tax reform. In addition, the 2012 Budget proposes hundreds of billions in savings by eliminating other spending through the tax code, including tax breaks for oil and gas companies, loopholes for hedge fund managers, and a range of other provisions.

In addition, the President is calling on Congress to work with the Administration to reform the corporate tax system. The United States has the highest corporate tax rate in the world. Part of the reason for this is the proliferation of tax breaks and loopholes written to benefit a particular company or industry. Working with Congress, we can simplify the system, eliminate these special interest loopholes, level the playing field, and use the savings to lower the corporate tax rate for the first time in 25 years—and do so without adding a dime to our deficit.

Cutting spending in the tax code—both from corporate and individual taxes—requires a careful analysis of the performance measurement, evaluations, and economic effects of tax expenditures. The analysis of tax expenditures as part of the annual budget process provides a solid foundation for these decisions and we are exploring if there are ways to improve that analysis.

6. According to the author of the inherently governmental provisions in GPRA, Senator David Pryor, these provisions were intended “...to keep contractor involvement to an absolute minimum and to develop the in-house expertise necessary to develop and operate the performance measurement system in each agency.” Some agencies rely significantly on private management consultants, with little participation from senior agency leadership, for these functions. How will OMB work with agency leadership and Congress to ensure contractor involvement is kept to a minimum, as intended?

The Administration welcomes the elevation of the role of the Performance Improvement Officer and the increased engagement by leadership as required by the GPRA Modernization Act. While contractors are permitted to provide support to these and other officials in executing their functions, we believe the Administration’s established performance framework and defined roles and responsibilities for senior leaders reinforces OMB’s policy that contractor involvement be used appropriately as a support for work done by agencies.

7. The Act requires the Director of the Office of Personnel Management (OPM), in consultation with the Performance Improvement Council (PIC) to identify key performance management skills and competencies. It is vital for agencies to be able to train personnel to effectively implement performance management initiatives, since as you noted at the hearing, “performance ultimately needs to be driven by people.” What actions will OMB take to ensure agencies devote sufficient resources to this training?

A high-performing government depends on an engaged, well-prepared and well-trained workforce with the right set of skills appropriate to the situation. We continue to work closely with OPM, the management councils, and agencies to establish expectations for performance management practices and to support training to build the capacity of federal government personnel to develop goals, evaluate programs, and analyze and use performance information. OMB is also working with OPM to find more ways to reinforce the value of learning performance management skills and incorporate these key skills into relevant position classifications and trainings.

For example, the Performance Improvement Council recently partnered with the Department of Defense to offer the first-ever combined Defense/civilian agency Performance Symposium, providing information to agency practitioners on important performance improvement topics such as: structuring performance data to effectively drive management decisions; developing predictive analytics models; innovative process improvement using efficiency modeling; and integrating performance, strategy, and budget. Over 600 defense and civilian agency personnel attended the three-day conference to share best practices.

8. Last month the Partnership for Public Service and Grant Thornton released a study on Performance Improvement Officers (PIO). Prior to that publication, virtually no information about PIO activities or the activities of the Performance Improvement Council (PIC) had been released. What will the Administration do to make these officials and their activities more visible and transparent?

As noted earlier, OMB, working with the PIC and agency leaders, is committed to helping PIOs support agency leaders and Chief Operating Officers to build a performance culture and performance management capacity across their organizations. The GPRA Modernization Act codified the roles of the PIO. OMB welcomes this elevation and is working with the newly named PIOs to identify their needs to help them drive performance improvement across the federal government. OMB will maintain an up-to-date list of PIOs online.

9. The new law requires agencies and OMB to enhance planning and reporting efforts. To achieve this goal, agencies must improve the use of program evaluation and performance information. Do you believe agencies have the necessary evaluation and analysis capacity to accomplish this?

The Administration is committed to building agency analytic and evaluation capacity so that agencies can take action based on solid evidence. As described earlier, the Administration has introduced a tiered-evidence approach in some programs, and is partnering with the private sector to strengthen the availability and use of evidence-based practices. The Administration also proposed evaluation funding for 2012 to support well-designed and actionable evaluations that address important issues or strengthen agency evaluation capacity.

OMB and the PIC are also assisting agencies in their efforts to build their analytic and evaluation capacity, including the recently convened Performance Symposium that shared effective methods for analyzing performance data, supporting agencies in standing up a central evaluation office, empowering existing evaluation offices, institutionalizing policies that lead to strong evaluations, or hiring evaluation experts into key administrative positions.

10. According to the Congressional Research Service, approximately 4,000 reports arrive annually on Capitol Hill, prompting concerns that overly burdensome reporting requirements are leading to the creation of unnecessary, duplicative reports at the expense of valuable resources that could have supported agency operations. Since agency reports enable critical oversight, the large number of reports is not necessarily harmful. However, adopting a more strategic approach to reporting requirements could better target resources while supporting Congressional oversight. Do you believe the GPRA Modernization Act provides a consistent and comprehensive framework to guide efforts to streamline agency reporting requirements?

The GPRA Modernization Act requires agencies to identify agency reporting requirements they believe they can streamline. We believe the process we are

implementing will identify opportunities for Congress to streamline agency reporting and increase the time available for analysis and other performance improvement actions, and look forward to working with Congress to determine if the new requirement in the GPRA Modernization Act provides the framework needed to streamline agency reporting efforts.

**Post-Hearing Questions for the Record
Submitted to the Honorable Gene L. Dodaro
From Senator Daniel K. Akaka**

***Roadmap for a More Efficient and Accountable Federal Government:
Implementing the GPRA Modernization Act
May 10, 2011***

1. The GPRA Modernization Act of 2010 recognizes the critical importance of Congressional consultation in strengthening and sustaining performance management. However, as you noted during the hearing, the Act's consultation provisions are only minimum requirements, and Congress should take the opportunity to proactively engage the Executive Branch on performance issues through frequent, ongoing communication, and formal oversight hearings.
- a. **What steps would you recommend the Congress take to ensure the Congressional consultation process occurs during the *development* of a strategic plan, prior to substantial drafting and vetting?**

The consultation provisions in the GPRA Modernization Act of 2010 (GPRAMA) and the related Committee report language make this intention clear. The Act specifies that the agencies are to consult with Congress "[w]hen developing or making adjustments to a strategic plan."¹ The Committee report emphasizes this intention by stating that "Congressional consultations are to take place during the development of the plan—not after." The Committee report also adds that "[i]n waiting to consult with relevant congressional stakeholders until a strategic plan has been substantially drafted and vetted within the executive branch, agencies forego important opportunities to learn early on about specific concerns that will be critical to successful implementation."²

To further emphasize its intent for consultations, Congress could consider taking actions similar to those taken during the implementation of the original GPRA provisions in the 1990s. For example, at that time Congress signaled its strong commitment to GPRA and the consultation process through a February 25, 1997, letter to the Director of the Office of Management and Budget (OMB) from the Speaker of the House, the House Majority Leader, the Senate Majority Leader, and key committee chairmen from both the House and the Senate. The letter described expectations for the contents of draft strategic plans and said that agencies should provide relevant materials in advance of consultations. The letter also provided a list of the types of topics that the congressional majority expected to be discussed during consultations. This action underscored the importance that the congressional majority placed on the implementation of GPRA, noted a willingness on the part of Congress to work cooperatively with the administration, and established expectations for

¹ 5 U.S.C. § 306(d).

² Committee on Homeland Security and Governmental Affairs, *GPRA Modernization Act of 2010 (to Accompany H.R. 2142)*, S. Rept. 111-372 (Washington, D.C.: Dec. 16, 2010), p. 5.

consultations. A similar letter today—from congressional leadership, a committee chair and/or a ranking member to relevant agencies—would send a strong signal to the current administration that Congress is willing and interested in working together to ensure that agency missions are focused, goals are specific and results-oriented, and strategies and funding expectations are appropriate and reasonable.

Successful consultations can promote a basic understanding among the stakeholders of competing demands, the limited resources available to them, and how those demands and resources require careful and continuous balancing. To help ensure consultations are successful, GAO's past work on GPRA implementation highlights some useful approaches for agencies' consultations with Congress.³ These approaches include:

- **Engaging the Right People** – Our past work has highlighted that a range of key officials from both Congress and the executive branch should participate in consultations. For example:
 - Both committee staff and agency officials we spoke with stressed the importance of having agency officials who can answer specific program-related questions attend the consultations, as well as officials with authority to revise the agency's strategic plans. Otherwise, as both committee staff and agency officials said, consultations run the risk of becoming purely a staff-driven exercise that lacks a real link to agency management decisions.
 - Congressional staff and agency officials generally agreed that consultations should be bipartisan and bicameral to ensure buy-in from all cognizant parties. In addition, both committee staff and agency officials agreed that, to the extent feasible, consultations should be held jointly with appropriate authorizing, budget, and appropriating committees. Committee staff recognized that due to at times overlapping jurisdictions of congressional committees, obtaining the involvement of all interested congressional committees in a coordinated approach to consultations can be challenging.
 - As the consultations proceed, according to committee staff we spoke with as part of earlier work, the involvement of Members of Congress and senior management within agencies is important because Members and senior managers are ultimately responsible for making decisions about agency strategic directions and the level of program funding. Staff said the involvement of senior management demonstrates their personal commitment and, in cases where that commitment may not be present, is helpful to building that commitment. Member involvement could be obtained in a number of ways in addition to active participation in consultation sessions. For example, Members could send letters to agencies posing questions on strategic plans and formally documenting their views on key issues. Hearings

³ GAO, *Managing for Results: Enhancing the Usefulness of GPRA Consultations Between the Executive Branch and Congress*, GAO/T-GGD-97-56 (Washington, D.C.: Mar. 10, 1997).

are also important because not only do they result in Member involvement, but they also require the participation of senior agency management.

- **Addressing Differing Views of What Is to Be Discussed** – Our past work found that committee staff and agency officials often presented differing views on what they believed the level of detail discussed during consultations should be. Congressional staff, on the whole, wanted a deeper examination of the details of agency strategic plans. Specifically, some staff wanted to know how programs support an agency’s achievement of its strategic goals and how the achievement of the agency’s goals would be determined. Some agency officials, however, said that it was their general impression that the consultations were to concern only their strategic plans, not issues related to specific programs. As a result, these agency officials said they wanted the discussions kept at a higher level—for example, on agency mission and strategic goals. These officials said that they did not believe that the consultation was a forum for discussing program performance goals, measures, and costs. Other agency officials, however, observed that agencies should be prepared to provide information on programmatic issues as well as missions and goals.
- **Establishing a Consultation Process That Is Iterative** – At the time of our review, all of the committee staff and agency officials we spoke with acknowledged that they had just begun an iterative process that would take time to complete. All agreed that they should meet as many times as both sides felt was necessary. This point was echoed in the congressional letter to the Director of OMB, which emphasized that agency officials and committee staff may need to continually work on updated versions of the strategic plans. Consultation participants should recognize that to be useful, the strategic plan must be viewed as a dynamic document, subject to change and open to input by all participants.
- b. **What information must strategic plans’ descriptions of how agency goals and objectives incorporate Congressional views contain to verify effective consultations occurred?**

GPRAMA requires agencies to describe in their strategic plans “how the goals and objectives incorporate the views and suggestions obtained through congressional consultations.”⁴ To help ensure that effective consultations occurred, agencies could provide information in their plans about the consultations, in line with the useful practices outlined in the previous response. For example, these descriptions could identify the agency offices and congressional committees involved in the consultations along with a summary of key comments that were offered, and how, if at all, the agency’s goals were influenced by the discussion. In addition the agency could describe views that were not addressed by the plan and why. Finally, the agency could describe in its plan when the consultations occurred and any agreements about how it will subsequently work with Congress to address performance and management issues of interest and/or concern.

⁴ 5 U.S.C. § 306(a)(5).

c. **Would you advise the Office of Management and Budget (OMB) include formal consultation guidance in Circular A-11?**

Yes. OMB has previously included guidance for agencies on satisfying the statutory requirements of GPRA in its Circular A-11. This has included guidance on conducting consultations and outreach. For example, the 2010 Circular A-11 included the following guidance related to consultations:

“When preparing a strategic plan, agencies must consult with the Congress and OMB and solicit and consider the views of interested and potentially affected parties. Consultation could include hosting public meetings on the draft plan and posting the draft plan on the internet and inviting comment.”⁵

Given that the statutory requirements for agency consultations with Congress were recently significantly enhanced by GPRAMA, it would be useful for OMB to provide additional guidance for agencies to meet these and other new and expanded requirements. This would provide an opportunity for OMB to address one of our past recommendations—to provide clearer and more consistent guidance to executive branch agencies to improve the quality of their strategic plans, annual performance plans and performance reports and to help them meet the requirements of GPRA.⁶

2. The most significant challenges facing our Nation cannot be effectively addressed by individual programs and organizations working alone. Under the Government Performance and Results Act of 1993 (GPRA) agencies often neglected to address the need to work together to achieve shared goals. **How will the U.S. Government Accountability Office (GAO) work with agencies to make sure they utilize the new framework to enhance efforts to coordinate and collaborate?**

Implementing provisions of GPRAMA—such as its emphasis on establishing outcome-oriented goals—could play an important role in clarifying desired outcomes, addressing program performance spanning multiple organizations, and facilitating future actions to reduce unnecessary duplication, overlap, and fragmentation. GAO, through its ongoing and future work, can help ensure that agencies are enhancing their efforts to coordinate and collaborate. For example, GPRAMA includes provisions requiring GAO to review implementation of the act at several critical junctures, and provide recommendations for improvements to implementation of the Act.⁷ Given the crosscutting nature of the new

⁵ OMB, *Circular A-11: Preparation, Submission, and Execution of the Budget* (Washington, D.C.: Jul. 21, 2010), p. 210-5.

⁶ GAO, *Results-Oriented Government: GPRA Has Established a Solid Foundation for Achieving Greater Results*, GAO-04-38 (Washington, D.C.: Mar. 10, 2004).

⁷ Following a period of initial implementation, by June 2013, GAO is to report on implementation of the act’s planning and reporting requirements—at both the governmentwide and agency levels. Subsequently, following full implementation, by September 2015 and 2017, GAO is to evaluate whether performance management is being used by federal agencies to improve the efficiency and effectiveness of agency programs. Also in September 2015 and 2017—and every 4 years thereafter—GAO is to evaluate the implementation of the federal government priority goals and performance plans, and related reporting required by the act.

framework, our reviews would need to address the quality of agency plans for interagency coordination and collaboration. In addition, GAO has an ongoing statutory requirement to report each year on federal programs, agencies, offices, and initiatives, either within departments or governmentwide, which have duplicative goals or activities.⁸ Our first annual report under this requirement identified over 80 areas of potential duplication, overlap, or fragmentation as well as cost savings and revenue-enhancing opportunities.⁹

3. The new law requires agencies and OMB to enhance planning and reporting efforts. To achieve this goal, agencies must improve the use of program evaluation and performance information. **Do you believe agencies have the necessary evaluation and analysis capacity to accomplish this?**

GAO's past work suggests that this evaluation and analytical capacity—the ability to systematically collect, analyze, and use data on program results—varies across the government, and we have highlighted the need to build such capacity. For example, in our 2007 survey of over 4000 government managers, only about half of our survey respondents reported receiving any training that would assist in strategic planning and performance assessment.¹⁰ We have previously found a positive relationship between agencies providing training on performance management activities and the subsequent use of performance information.¹¹ However, our past work has identified several agencies with demonstrated evaluation capacity, including the Department of Education, the Department of Housing and Urban Development, the Administration for Children and Families, the Centers for Disease Control and Prevention, the National Highway Traffic Safety Administration, and the National Science Foundation.¹²

Several efforts in the Executive Branch could help agencies build their evaluation and analytical capacity. For example, OMB and the Performance Improvement Council intend to help agencies strengthen their employees' skills in analyzing and using performance information to achieve greater results during the coming year, according to the President's Fiscal Year 2012 Budget.¹³ In addition, within 1 year of enactment, GPRAMA requires the Office of Personnel Management (OPM), in consultation with the Performance Improvement Council, to identify the key skills and competencies needed by federal employees to carry out a variety of performance management activities

⁸ Pub. L. No. 111-139, § 21, 124 Stat. 8, 29 (2010), 31 U.S.C. § 712 note.

⁹ GAO, *Opportunities to Reduce Potential Duplication in Government Programs, Save Tax Dollars, and Enhance Revenue*, GAO-11-318SP (Washington, D.C.: Mar. 1, 2011). An interactive, Web-based version of the report is available at: <http://www.gao.gov/ereport/gao-11-318SP>.

¹⁰ GAO, *Government Performance: Lessons Learned for the Next Administration on Using Performance Information to Improve Results*, GAO-08-1026T (Washington, D.C.: Jul. 24, 2008).

¹¹ GAO-04-38.

¹² For example, see GAO, *Program Evaluation: Experienced Agencies Follow a Similar Model for Prioritizing Research*, GAO-11-176 (Washington, D.C.: Jan. 14, 2011) and *Program Evaluation: An Evaluation Culture and Collaborative Partnerships Help Build Agency Capacity*, GAO-03-454 (Washington, D.C.: May 2, 2003).

¹³ OMB, *Analytical Perspectives, Budget of the United States Government, Fiscal Year 2012* (Washington, D.C.: Feb. 14, 2011), p. 79.

including developing goals, evaluating programs, and analyzing and using performance information. Once those key skills and competencies are identified, OPM is then required to incorporate those skills and competencies into relevant position classifications and agency training no later than 2 years after enactment.

4. Federal managers are often wary of setting truly ambitious performance goals out of concern that their agencies will become targets for cuts if they fall short. The new framework will be more effective if agencies view it as an opportunity to drive innovation rather than a tool to punish shortcomings. **How can Congress and the Administration obtain the needed buy-in for the new performance management framework?**

In our view, the single most important way Congress can play a decisive role in fostering results-oriented cultures in the federal government is by using information on agency goals and results as it carries out the full range of its legislative and oversight responsibilities. Congressional use of agency goals and measured results in its decision making will send an unmistakable message to agencies that Congress considers agency performance a priority.

For the Administration, perhaps the single most important element of successful performance improvement initiatives is the demonstrated commitment of top leaders. This commitment is most prominently shown through the personal involvement of top leaders in developing and directing reform efforts. Organizations that successfully address their long-standing management weaknesses do not “staff out” responsibility for leading change. Top leadership involvement and clear lines of accountability for making management improvements are critical to overcoming organizations’ natural resistance to change, marshalling the resources needed in many cases to improve management, and building and maintaining the organizationwide commitment to new ways of doing business.

GPRAMA creates several new leadership structures and responsibilities aimed at sustaining attention on improvement efforts at both the agency and governmentwide levels. The act designates the deputy head of each agency as Chief Operating Officer (COO), with overall responsibilities for improving the management and performance of the agency. In addition, the act requires each agency to designate a senior executive as Performance Improvement Officer (PIO) to support the COO. The act also establishes a Performance Improvement Council—chaired by the OMB Deputy Director for Management and composed of PIOs from various agencies—to assist the Director of OMB in carrying out the governmentwide planning and reporting requirements.

Finally, our past work has found that successful organizations involve employees in setting ambitious goals to obtain their buy-in. These goals should be realistic and measurable “stretch” goals, based on the agency’s understanding of its mission, customers’ needs, and current performance levels, and challenge the agency to achieve significant performance improvements. However, the federal government has a mixed

system of incentives that does not necessarily encourage setting ambitious, outcome-oriented goals and measuring and reporting performance accurately. In public organizations, performance measurement can result in counter-incentives, such as sharpened criticism and oversight, budget cuts, and staff reductions. Moreover, given the lack of positive incentives, line managers and staff may be reluctant to commit to achieving outcomes that they do not totally control for fear that negative performance information will be used against them. To minimize management and staff concerns, managers and staff need to be provided with significant opportunities to (1) be involved in the goal-setting process, (2) define related performance measures and (3) receive training on how to use the resulting information to improve performance.

5. According to the author of the inherently governmental provisions in GPRA, Senator David Pryor, these provisions were intended "...to keep contractor involvement to an absolute minimum and to develop the in-house expertise necessary to develop and operate the performance measurement system in each agency." Some agencies rely significantly on private management consultants, with little participation from senior agency leadership, for these functions. **What steps would you recommend OMB, agency leadership, and Congress take to ensure contractor involvement is kept to a minimum, as intended?**

Congress made its intentions clear in the provisions themselves, as well as in the accompanying Committee reports. As with the original GPRA, GPRAMA designates the strategic plan, performance plan, and performance update (formerly performance report) sections of the Act as inherently governmental functions; that is, the drafting of those plans and updates are to be performed only by federal employees. GPRAMA also extends the designation as an inherently governmental function to the development of federal government and agency priority goals. As noted in the report accompanying GPRAMA, the Committee on Homeland Security and Governmental Affairs did not change the language and congressional intent from the original GPRA's inherently governmental provisions. The report reiterates the original intent, defining an inherently governmental function as a "function that is so intimately related to the public interest as to mandate performance by Government employees." The report further reaffirms that "although GPRA specifies government employees are solely to be responsible for the final plan or report, this does not limit agencies from being assisted by non-federal parties, such as contractors or grantees, in the preparation of these plans and reports."¹⁴

OMB's most recent Circular A-11—issued in July 2010, prior to the enactment of GPRAMA—includes guidance to agencies about the inherently governmental provisions. For example, the following is included in its strategic plan guidance:

“GPRA states that the preparation of a strategic plan is an inherently governmental function, and the plan is to be drafted only by Federal employees. However, when preparing a plan, agencies may be assisted by non-Federal

¹⁴ S. Rept. 111-372, p. 14 and Committee on Governmental Affairs, *Government Performance and Results Act, 1993 (to S. 20), Together with Dissenting and Separate Views*, S. Rept. 103-58 (Washington, D.C.: June 16, 1993), p. 25.

parties, such as consultants or contractors who are hired specifically to provide technical input on the design and assembly of the plan, and who are not solicited for their input on policy or budget issues. The transmittal should include an acknowledgment and brief description of the contribution by a non-Federal entity in preparing the plan.”¹⁵

As the accompanying Committee report and OMB guidance recognize, agencies may need the assistance of consultants or contractors to provide technical assistance in their planning and reporting processes. This may be appropriate, and even necessary, given potential variation in the evaluation and analytical capacity across the government (as described in the response to question 3). However, over time agencies should be able to build such capacity, especially as OPM and the PIC implement GPRAMA’s requirements to identify key performance management skills and competencies and incorporate them into relevant federal position classifications and agency training.

Agencies may also increase their capacity as they gain experience with analyzing and using performance information for the quarterly reviews for priority goals, in which top leadership and program officials are required to be involved. To be successful, these officials must have the knowledge and experience necessary to use and trust the information they are gathering. Building analytical capacity to use performance information and to ensure its quality—both in terms of staff trained to do the analysis and availability of research and evaluation resources—will be critical to using performance information in a meaningful fashion and will play a large role in the success of government performance improvements. Federal officials must understand how the performance information they gather can be used to provide insight into the factors that impede or contribute to program successes; assess the effect of the program; or help explain the linkages between program inputs, activities, outputs, and outcomes.

If Congress has concerns about agencies complying with the inherently governmental provision, the required consultations with agencies would be one venue to express such concerns and ask about the involvement of non-federal parties. Another option would be to ask questions about the involvement of non-federal parties in performance planning and reporting processes during hearings or in letters to the heads of agencies.

6. According to the Congressional Research Service, approximately 4,000 reports arrive annually on Capitol Hill, prompting concerns that overly burdensome reporting requirements are leading to the creation of unnecessary, duplicative reports at the expense of valuable resources that could have supported agency operations. Since agency reports enable critical oversight, the large number of reports is not necessarily harmful. However, adopting a more strategic approach to reporting requirements could better target resources while supporting Congressional oversight. **Do you believe the GPRA Modernization Act provides a consistent and comprehensive framework to guide efforts to streamline agency reporting requirements?**

¹⁵ OMB, *Circular A-11: Preparation, Submission, and Execution of the Budget* (Washington, D.C.: Jul. 21, 2010), p. 210-5.

GPRAMA could lead to more streamlined agency reporting in several ways. For example, the Act establishes an annual process aimed at eliminating unnecessary agency reporting. Each year, the agency COO is to compile a list that identifies all the plans and reports the agency produces for Congress, in accordance with statutory requirements or as directed in congressional reports. Through an analysis of this comprehensive list, the COO is to refine the list to include only those plans and reports which are identified to be outdated or duplicative of other required plans and reports. After the list is refined, the COO is to consult with the congressional committees that receive the plans and reports identified as outdated or duplicative to determine if those plans and reports are no longer useful and could be eliminated or consolidated. Finally, the COO is to provide the refined list to the Director of OMB, who is to include all agencies' lists of plans and reports identified for elimination or consolidation in the President's Budget, and may also submit related legislation to the Congress.

The Act also requires the development of a single, governmentwide performance website by October 1, 2012. This website will consolidate information about the federal government and agency priority goals, including the results of the related quarterly reviews and overall trend data. In addition, agencies are to provide additional performance information for publication on the website, including, at a minimum, the information contained in their performance plans and performance updates.

However, if these provisions are to meet their promise, agencies will need to gain congressional buy-in, especially to eliminate outdated or consolidate duplicative plans and reports. Agencies will need to ensure that Congress continues to get the information it desires (or knows how to access it in the case of information posted on the website) and that such information can meet Congressional needs. In addition, Congress will need assurance that the information is credible in order to use it. All of these issues can potentially be addressed during the consultations GPRAMA requires between agencies and Congress.

**Post-Hearing Questions for the Record
Submitted to Mr. Robert J. Shea
From Senator Daniel K. Akaka**

***Roadmap for a More Efficient and Accountable Federal Government:
Implementing the GPRA Modernization Act
May 10, 2011***

1. The GPRA Modernization Act of 2010 recognizes the critical importance of Congressional consultation in strengthening and sustaining performance management. However, as Comptroller General Dodaro noted during the hearing, the Act's consultation provisions are only minimum requirements, and Congress should take the opportunity to proactively engage the Executive Branch on performance issues through frequent, ongoing communication, and formal oversight hearings.

What steps would you recommend the Congress take to ensure the Congressional consultation process occurs during the *development* of a strategic plan, prior to substantial drafting and vetting? What information must strategic plans' descriptions of how agency goals and objectives incorporate Congressional views contain to verify effective consultations occurred? Would you advise the Office of Management and Budget (OMB) include formal consultation guidance in Circular A-11?

Answer: While I believe OMB should provide instructions to help guide agencies in their Congressional consultations, agencies should be proactive in reaching out to their most important stakeholders in the Congress. Input from these critical stakeholders is essential to crafting a strategic plan that will guide an agency's long-term operations. But reaching out to Congress can be difficult for some agencies. So Congress, in particular the Oversight Committees (e.g. the Senate Committee on Homeland Security and Governmental Affairs and the House Committee on Oversight and Government Reform), assisted by GAO, can lead a consultation process that ensures early, constructive two-way feedback in the strategic planning process. And most importantly, Congress should be very clear about what it expects from agencies and OMB in terms of consultation.

2. Implementing the GPRA Modernization Act will require strong leadership on the part of agency Chief Operating Officers (COO). I have long advocated for top agency leadership to engage in, and be held accountable for, addressing major management and performance challenges. In your testimony, you noted the importance of recruiting and appointing Deputy Secretaries to serve as COO's who possess not only political and policy expertise, but management skills as well.

During the confirmation process, what specific qualifications do you believe Senators should look for to ensure nominees are capable of effectively fulfilling the duties of a COO? The Department of State and OMB have chosen to adopt a dual deputies or directors model, do you believe this is an effective practice, and if so, what types of agencies are most conducive to utilize this design?

Answer: Irrespective of whether there is a dual deputy, Executive Branch and agency leadership should ensure that at *every* agency there is an individual with sufficient experience and adequate authority to ensure progress towards outcomes is monitored and improved and major management challenges are overcome. The confirmation process can probe whether individuals chosen for these positions have experience setting long-term and short-term outcome-oriented goals and relentlessly monitoring progress to ensure those goals are achieved. And perspective nominees should provide evidence that they've done this and can articulate how they've overcome challenges to improvement. It's an uncommon line of questioning for the confirmation process, but such probing could uncover the depth of management experience and quality of leadership skills nominees possess. Of course, at the point of nomination, it may be too late. Congress should coordinate with the Office of Presidential Personnel to ensure these questions are asked as individuals are being vetted for positions, not just after they are nominated.

3. The Act establishes in law a Performance Improvement Officer (PIO) at each agency. A recent report by the Partnership for Public Service and Grant Thornton found that many PIO's are not focused full time on performance management, as their portfolios often extend far beyond these responsibilities. Do you believe the new law will provide PIO's the stature and focus necessary to effectively improve agency performance?

Answer: The law provides an adequate framework to ensure the PIOs have the stature and focus necessary to effectively improve agency performance. But agency leadership, with support from Congress and OMB, is critical to ensure the position's success.

4. According to the Congressional Research Service, approximately 4,000 reports arrive annually on Capitol Hill, prompting concerns that overly burdensome reporting requirements are leading to the creation of unnecessary, duplicative reports at the expense of valuable resources that could have supported agency operations. Since agency reports enable critical oversight, the large number of reports is not necessarily harmful. However, adopting a more strategic approach to reporting requirements could better target resources while supporting Congressional oversight. Do you believe the GPRA Modernization Act provides a consistent and comprehensive framework to guide efforts to streamline agency reporting requirements?

Answer: I don't. In my experience, a heavier hand is necessary to repeal unnecessary reporting. A good benchmark is the experience from the Federal Reports Elimination and Sunset Act of 1995 (Public Law 104-66). In that experience, Congress listed a number of reports it deemed wasteful and declared the requirements repealed unless explicitly reauthorized by a specific date. This resulted in the repeal of a good many wasteful or duplicative report. I believe this experience would be a good one for Congress to emulate.

5. The new law requires agencies and OMB to enhance planning and reporting efforts. To achieve this goal, agencies must improve the use of program evaluation and performance

information. Do you believe agencies have the necessary evaluation and analysis capacity to accomplish this?

Answer: Although I believe agency capacity to conduct evaluation and analysis could be enhanced, it has come a long way. One reason for this is OMB's carrot and stick approach. OMB asks agencies to enhance the rigor of evaluations they conduct, but also provides resources agencies can avail themselves of to strengthen their internal evaluation capacity. Strong advocacy from the Coalition for Evidence Based Policy and the American Evaluation Association have helped enormously in this regard.

Answer: Agency use of data in decision making remains a big challenge, but the focus of the GPRA Modernization Act on top leadership skills and experience should go a long way toward building on the already substantial improvements that have been made in agency performance management capacity over the last 10 to 15 years.

6. At the hearing, Dr. Paul Posner noted the potential for distortion of information and behavior is greatest when performance management is used as a simple formula to reward or punish employees in budget and personnel assessments. As we work to implement a credible performance management framework, how can OMB and Congress work to minimize these risks?

Answer: This is a tough one. In a highly political environment like the one in which we work, it will be hard to get agencies to set ambitious targets knowing they might be ridiculed or admonished for failure to achieve them. Here again, leadership, with strong support from OMB and Congress, especially the Oversight Committees, can create a climate in which agency officials are more willing to take the risk sufficient to achieve breakthrough improvements in performance.

This topic was the subject of a recent, compelling talk by outgoing Secretary of Commerce Gary Locke, sponsored by the Partnership for Public Service and Grant Thornton. I've attached a copy to these answers.



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Remarks at Partnership for Public Service

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Commerce Secretary Gary Locke
Remarks at Partnership for Public Service

Good morning, everyone. Thank you for those kind words, Jeff. It's a pleasure to join you today.

I'm excited to be here at the Partnership for Public Service. I know the Partnership is hard at work inspiring new generations of Americans to serve their country and their communities, and I want to thank you for that.

What you do is especially important in the face of a pernicious and deeply misguided strain of politics today that depicts government work as inconsequential...or worse.

But you know differently. How government employees perform determines how well America:

- protects its security and its environment;
- creates economic and educational opportunities; and
- uses its taxpayers' precious resources.

The seriousness of the stakes demands an equally serious commitment from government leaders to set clear goals and to preach – but most importantly, practice – effective management.

Today, I'm looking forward to discussing the reforms we've implemented at the Commerce Department to get us there.

Before I get into the specifics, though, I want to say a quick word about leadership philosophy.

No matter where I've been, it's been my conviction that leaders have to set high-stretch goals that force people to re-imagine how they do their jobs – not just tinker with a process here or a protocol there. They also need to provide incentives to encourage innovation and recognition for work well done.

In my previous tenure as the governor of Washington State, and now as Commerce Secretary, I have never faulted an employee for falling short of a goal that was difficult to reach. What is important is working diligently. What is critical is constantly challenging ourselves to perform even better.

I learned over time that organizations that fixate on failure never take the risks necessary to achieve the extraordinary.

And make no mistake, the challenges this economy have put in front of us are extraordinary.

I had a little bit of experience with that in Washington State, albeit on a smaller scale.

In the aftermath of the dot-com bubble, Washington State's general fund was, at one point, \$2.1 billion in the red – and this forced me and my leadership team to answer two fundamental questions:

What should state government do, and what should it stop doing?

In short, we had to prioritize – to focus on delivering the services that were absolutely essential to the people of our state.

That's easier said than done when you're talking about a big bureaucracy.

But in Olympia, we aggressively prioritized our goals and put in place management strategies to make sure state employees understood their role in helping us meet them.

Ultimately, we balanced our budget without tax increases, while making state services more effective and efficient.

At Commerce, we are taking a similar approach. In a difficult budget environment, the temptation is to always ask "what can we cut?"

That's the wrong question. You need to be asking:

"What outcomes are most important and what actions can you take to produce those outcomes?"

When I first arrived at Commerce, we began intently focusing on key priorities that would help American businesses become more innovative at home and more competitive abroad.

With priorities in place, we turned the focus to program management to ensure that we drive accountability, oversight and transparency into how we achieve our goals.

The linchpin of our program management is something called the "Balance Scorecard approach." When I first adopted the Scorecard in Washington State, it was a tool strictly used by the private sector.

But even though there was no profit motive in government, it still made sense. It creates a formal, data-driven mechanism in which you can set priorities, the goals to achieve those priorities and then a formal process for monitoring progress on a quarterly basis so that you can make a course correction if things are going off track.

The framework the Balanced Scorecard provides has served the department well, including:

- data-based decision making
- training on how to improve processes; and
- recognition of model employee teams.

Instituting the Scorecard is part of a larger effort we established last summer called the Commerce Performance Excellence Program, which also includes regular performance reviews and process improvements teams within bureaus.

Most important, this is a vital step toward becoming an organization that continuously improves and shares lessons learned – despite our size.

At Commerce, the Balanced Scorecard is structured around three programmatic themes and three management themes:

- Customer service,
- Organizational excellence, and
- Workforce excellence.

And the three management themes maximize our resources to make good on our programmatic goals.

In addition to results-driven performance management – embodied in the Balanced Scorecard – there are three other initiatives designed to support our management themes:

- Priority-Based Budgeting;
- Acquisition Reform; and
- Improved Customer Service.

First, I'd like to discuss priority-based budgeting.

For the 2012 budget, the department prioritized key investments to achieve goals.

That may sound basic, but we believe it's the first time the Department has ever used that strategy.

It forced us to make tough choices about which programs to invest in and which programs to reduce.

Commerce's 2012 budget proposes ending, reducing or restructuring at least 16 lower-priority programs. By doing so, we project savings of more than a quarter of a billion dollars.

What's more, the administration is pursuing an aggressive government-wide effort to curb non-essential administrative spending called the Administrative Efficiency Initiative. After reviewing our administration costs, the Commerce Department identified over \$142 million in savings, including \$57 million in acquisition savings, plus personnel, travel and other costs.

And of those savings, \$39 million will be reinvested by bureaus to strengthen critical programs.

This cycle of cost savings will continue to help our budgeting for years to come.

Next, I'd like to briefly discuss our acquisition reform efforts.

We have a multi-pronged approach to improve how we make acquisitions in order to deliver greater savings, greater results and greater efficiencies.

Those strategies include:

- Stronger metrics to measure performance;
- A new approach to defining requirements;
- Pursuing bulk buying and other purchasing strategies;
- Better identifying and managing high-risk purchases; and
- Creating a new Center of Excellence to provide outstanding customer service to the small bureaus.

These efforts will ensure the department is making lasting, important improvements in acquisition to shrink costs and boost value and efficiency.

The final initiative is our goal to improve customer service.

To that end, the department has rolled out CommerceConnect, a "one-stop shop" for businesses that streamlines access to Commerce services and solutions.

The initiative began with a simple observation: It was just too difficult for small and medium-sized businesses to navigate our department.

So CommerceConnect launched as a pilot program in Michigan in 2009. We put cross-trained Commerce experts in one office to connect businesses with any service we offer. But we didn't stop there. We also partnered with state and local agencies so that our experts could learn about and ultimately direct business owners to those services too.

Since its launch, we've routed a national call center through the Michigan office and have expanded into department field offices in 16 regions across the country.

Before I wrap up here today, I want to note that while these management reforms are still works in progress, I can say without question that they've already had an impact in improving the Department's efficiency and effectiveness.

Take for example the work being done by our Economic Development Administration to help local communities identify their own unique strengths to respond to changing regional conditions. EDA supports private-public partnerships with this goal in mind, and in the last year it slashed the response time for its grant applications – from 128 to just 20 business days.

Another successful reform can be found in the Patent and Trademark Office. We overhauled management processes at PTO and were able to cut the application backlog by 10 percent, even as the volume of applications increased by 5 percent.

That will have a concrete impact on America's ability to out-innovate its economic competitors and will help determine whether we're home to the jobs of the future.

A few more concrete examples:

- A well-run 2010 Census, which many experts identified as "likely to fail." They were proved wrong as the census concluded ... not just with an accurate count ... but on schedule and 25 percent under budget, saving taxpayers \$1.8 billion.
- In 2009, we helped 35 million Americans access coupons for the transition from analog to digital cable, revamping a program that had gone over budget and had underperformed during the previous administration, and;
- Through the Recovery Act, we created from scratch a \$5 billion grant-making program to expand high-speed Internet access in underserved areas across America.

These results did not come about by chance. We set ambitious goals and rigorous metrics and management frameworks to meet them.

These are some of the tangible successes we can hang our hat on, but our work is far from done, and we are going to keep pressing every day to improve everything we do.

America is still in the process of economic recovery, and it is as important as ever to keep focused on smart management. The president has called on the United States to out-educate, out-innovate, and out-build our economic competitors. And I know that by focusing on organizational effectiveness in order to drive innovation and international competitiveness we will truly win the future.

As you know, I've been nominated by President Obama to serve as the nation's ambassador to China. This is a very humbling challenge and one I look forward to.

But being Commerce Secretary has been one of the best jobs I've ever had.

I say that knowing the economic upheaval of the last two years has been wrenching for the American people.

I've seen it first hand – whether it was listening to Ohio small business owners desperate for access to capital or a Michigan woman pleading for work for her and her husband.

Their stories created a sense of urgency that has driven my days as Secretary.

As I prepare to leave Commerce, the importance of being proper stewards of taxpayer resources remains paramount. In the face of both a fragile recovery and significant long-term deficits, we simply cannot argue effectively for the new investments that will help make America more competitive if we aren't making the best use of what we already have.

That's the challenge, and the opportunity, before us: rethinking how government works so that we inspire in the American people the confidence that we will treat their money as effectively and conscientiously as we treat our own.

Thank you.

**Post-Hearing Questions for the Record
Submitted to Dr. Paul L. Posner
From Senator Daniel K. Akaka**

***Roadmap for a More Efficient and Accountable Federal Government:
Implementing the GPRA Modernization Act
May 10, 2011***

1. The GPRA Modernization Act of 2010 recognizes the critical importance of Congressional consultation in strengthening and sustaining performance management. However, as Comptroller General Dodaro noted during the hearing, the Act's consultation provisions are only minimum requirements, and Congress should take the opportunity to proactively engage the Executive Branch on performance issues through frequent, ongoing communication, and formal oversight hearings.

What steps would you recommend the Congress take to ensure the Congressional consultation process occurs during the *development* of a strategic plan, prior to substantial drafting and vetting? What information must strategic plans' descriptions of how agency goals and objectives incorporate Congressional views contain to verify effective consultations occurred? Would you advise the Office of Management and Budget (OMB) include formal consultation guidance in Circular A-11?

I would agree that OMB guidance should provide encouragement and guidance to agencies in working with Congressional committees. It is important that agencies reach out to Congressional committees not after decisions are made but before. This has often been a flaw in consultations in the past = agencies or OMB would share decisions after the fact, thereby preventing real engagement with the Congress.

Thus, it is important that agencies invite congressional committees into the formative stages of developing priority goals, both for agencies and across the government. This can be done by sharing drafts or even inviting staff in for early discussions to help agencies formulate their strategies.

Because goals are formulated as part of the executive budget process, this might inhibit the degree of consultation intended by the Act. Under long standing rules, OMB has determined that all inputs to the president's forthcoming budget are "predecisional" which means they cannot be shared with those outside the executive branch. This has inhibited consultation on GPRA performance plans which are deemed to be part of the budget process, thereby limiting congressional involvement.

Congress must also better organize itself to offer its views during the development of plans and goals. Congress is often highly fragmented, with many different committees involved in overseeing a particular agencies. Moreover, in fairness, many staff have been unenthused about performance goals and information provided by agencies in the past. Accordingly, it would be very timely if congressional leadership established a way for the committees to come together to offer cohesive advice to agencies in developing their

plans. Such an initiative could perhaps be led by the Senate and House oversight committees.

2. According to the author of the inherently governmental provisions in GPRA, Senator David Pryor, these provisions were intended "...to keep contractor involvement to an absolute minimum and to develop the in-house expertise necessary to develop and operate the performance measurement system in each agency." Some agencies rely significantly on private management consultants, with little participation from senior agency leadership, for these functions. What steps would you recommend OMB, agency leadership, and Congress take to ensure contractor involvement is kept to a minimum, as intended?

I think it is important that agencies be responsible for determining performance goals and making decisions based on this data. If performance data is to be used, agency officials themselves must have ownership of the goals and the data – otherwise this will be perceived as yet another compliance exercise. However, in saying this, agencies can gain significant value on the technical side from trusted consultants who have deep background in evaluation and data management. The key principle is to keep consultants on tap, not on top.

3. At the hearing, you noted the potential for distortion of information and behavior is greatest when performance management is used as a simple formula to reward or punish employees in budget and personnel assessments. As we work to implement a credible performance management framework, how can OMB and Congress work to minimize these risks?

I think we need to be more explicit about our expectations for performance. I think it can be useful as a way to promote greater strategic thinking about our goals and our programs to reach those goals. It is important to consider performance more explicitly as we formulate budgets and evaluate the record of grantees and contractors, among the many implementers of federal programs.

However, I fear that making performance into a formula used to reward and punish personnel and budget allocations alike raises the stakes too high. Some have referred to this as "weaponizing" performance. It leads to several consequences which can undermine the performance momentum. First, agencies that know their pay and budgets are linked to their results will propose unambitious performance goals. Second, it will encourage significant gaming and distortion of performance data that will only retard the confidence that policymakers will have in performance reports and information. The recent scandals in Atlanta's schools with gaming student testing results to avoid the sanctions under No Child Left Behind are illustrative of what can happen when we go too far with performance as a tool of accountability and control.

4. The new law requires agencies and OMB to enhance planning and reporting efforts. To achieve this goal, agencies must improve the use of program evaluation and performance

information. Do you believe agencies have the necessary evaluation and analysis capacity to accomplish this?

I think that this is an important area that needs to be enhanced. We have spent much of the past two decades articulating new management frameworks in the area of financial management and IT and even human capital. Chiefs have been appointed and the workforce in these areas has been augmented and professionalized.

No such comparable initiatives have occurred in evaluation shops within federal agencies. In fact, for many years, such staffs have been cut back in some agencies. I would expect that the new GPRA modernization act would provide incentives for agencies to make needed investments in evaluations, but there will be significant budget pressures that might blunt this movement.

5. Your testimony stated that the goal of public sector performance management must not be to provide answers to political choices, but rather, to provide a new set of questions whose answers will inform those choices. This is an important but subtle point. Please elaborate on the implications of adopting either approach at the Federal level.

Performance information is a useful perspective when considering resource allocation, but not the only one. When deciding whether to make an investment in a program, Congress should appropriately consider how a particular program stacks up in relative priority or importance compared to all the other competing claims. Even if a program promises to be effective, it may not be perceived to be as important as other proposals in addressing national needs. Many other considerations go into this priority calculation including the backlog of unmet needs.

Performance data is one among several inputs in deciding the specific budget fate of a program. For instance, if the number of drug abuse deaths go up, this would indicate that our drug programs are not as effective as we might wish. But we would not use this data to cut drug programs. In fact, when problems increase, we might very well increase resources initially at least. This is not to say that performance data should not be considered – maybe persistent drug abuse increases might indicate the need to reform the program or change programs. But the linkage between performance and funding is not automatic or formulaic.

Given the many other appropriate factors that must be considered in determining budgets in a democratic society, decisionmakers must have flexibility to decide how to best respond to all of these factors. However, it is reasonable to expect that performance should be at least considered as one factor in making these decisions. Accordingly, we should rightfully expect performance to be a question that is asked, even though the budget answers might ultimately reflect many other appropriate considerations.

6. According to the Congressional Research Service, approximately 4,000 reports arrive annually on Capitol Hill, prompting concerns that overly burdensome reporting requirements are leading to the creation of unnecessary, duplicative reports at the expense

of valuable resources that could have supported agency operations. Since agency reports enable critical oversight, the large number of reports is not necessarily harmful. However, adopting a more strategic approach to reporting requirements could better target resources while supporting Congressional oversight. Do you believe the GPRA Modernization Act provides a consistent and comprehensive framework to guide efforts to streamline agency reporting requirements?

I think that it is useful to require agencies to periodically review the utility of reports, as long as Congress has the last word on whether they stay or go. There are some reports which agencies may not view as valuable which nonetheless serve congressional oversight interests. I think that OMB should guide the process by providing some criteria for agencies to consider in their review including whether they perceive the reports provide data that is already provided in other formats and whether the reports impose an unacceptable burden on agencies, grantees and others in our system.

It is also important to say that reports can be useful to a broader community even if not explicitly used by the Congress. Academic research shows that often Congress requires reports and data to be collected that is useful for others in reviewing the performance of government programs. This might include auditors at federal and state levels, community groups and other interested parties. So in reviewing the utility of reports and data, these other consumers of federal information need to be kept in mind.

**Post-Hearing Questions for the Record
Submitted to Mr. Jonathan D. Breul
From Senator Daniel K. Akaka**

***Roadmap for a More Efficient and Accountable Federal Government:
Implementing the GPRA Modernization Act
May 10, 2011***

1. **The GPRA Modernization Act of 2010 recognizes the critical importance of Congressional consultation in strengthening and sustaining performance management. However, as Comptroller General Dodaro noted during the hearing, the Act's consultation provisions are only minimum requirements, and Congress should take the opportunity to proactively engage the Executive Branch on performance issues through frequent, ongoing communication, and formal oversight hearings.**

What steps would you recommend the Congress take to ensure the Congressional consultation process occurs during the *development* of a strategic plan, prior to substantial drafting and vetting? What information must strategic plans' descriptions of how agency goals and objectives incorporate Congressional views contain to verify effective consultations occurred? Would you advise the Office of Management and Budget (OMB) include formal consultation guidance in Circular A-11?

The new statutory requirements strengthen the Congressional consultation process by encouraging agencies to describe how agency goals and objectives incorporate the views and suggestions obtained through consultation with Congress, including majority and minority views from authorizing, appropriations and oversight committees. At present, OMB Circular No. A-11, section 210.3, "Consultation and Outreach," has only two brief sentences dealing with consultation with the Congress. There is considerable room for OMB to expand upon this guidance to indicate what constitutes a consultation, at what point in the development process of a strategic plan the consultations should take place, or which committees should be involved in consultations.

2. **According to the author of the inherently governmental provisions in GPRA, Senator David Pryor, these provisions were intended "...to keep contractor involvement to an absolute minimum and to develop the in-house expertise necessary to develop and operate the performance measurement system in each agency." Some agencies rely significantly on private management consultants, with little participation from senior agency leadership, for these functions. What steps would you recommend OMB, agency leadership, and Congress take to ensure contractor involvement is kept to a minimum, as intended?**

Federal agencies rely on a multi-sector workforce of federal employees and contractor personnel to perform services needed to carry out their missions. There are some functions so intimately related to an agency's mission and the public interest that government employees should perform them rather than manage those functions contractually. Other functions, however, can be managed effectively if the agency keeps its employees in key positions and ensures they have the training, experience, and support needed to manage and control the work. Thus, consistent with the inherently governmental provisions in the original GPRA, many federal departments and agencies have called upon contractors to support them with information collection, studies and analysis, consultation, and training as part of their development and maintenance of required plans and reports.

Both Congress and the President have directed OMB to lead a series of contracting-related efforts, including clarifying when outsourcing for services is appropriate. OMB has issued initial guidance, but as of yet, has not issued a required report to Congress. Since an important purpose of these efforts is to better understand how contracted services are being used to support mission and operations and whether the contractors' skills are being utilized in an appropriate manner, I would await the results of these efforts before recommending any further steps.

3. **At the hearing, Dr. Paul Posner noted the potential for distortion of information and behavior is greatest when performance management is used as a simple formula to reward or punish employees in budget and personnel assessments. As we work to implement a credible performance management framework, how can OMB and Congress work to minimize these risks?**

Performance management is recognized worldwide as a critical success factor in helping individuals and organizations achieve their goals. When done correctly, performance management becomes a powerful and effective tool to drive individual and organizational performance. When done poorly, it can create an atmosphere of distrust between managers and employees—ultimately limiting performance and the organization's ability to achieve its full potential. For this reason, the responsibility for the effective management of employee performance rests squarely on the shoulders of executives and frontline managers. In fact, the management of people needs to be a core responsibility of every manager. In view of this, it is critical that OMB and Congress support efforts to help managers understand and effectively practice the fundamentals of performance management—planning, monitoring, developing, appraising, and rewarding employee performance.

4. **The new law requires agencies and OMB to enhance planning and reporting efforts. To achieve this goal, agencies must improve the use of program**

evaluation and performance information. Do you believe agencies have the necessary evaluation and analysis capacity to accomplish this?

Performance measures now provide the central core of routinely collected evaluative data about program operations and outcomes. Additional evaluation studies provide complementary evidence and logical frameworks for increasing the depth of knowledge or interpretation of the performance data. A tremendous opportunity exists to use the growing mountain of performance information to make better, fact-based decisions. Yet, most agencies spend more time collecting and organizing data than analyzing it. To quote a performance improvement officer in a recent Partnership for Public Service study: *"We are good at collecting data, but not so good at analyzing it."* With today's focus on transparency and accountability, "all eyes" are on how decisions are made, money is spent and performance and progress are measured. Analytics competency is a game-changing managerial innovation. It consists of tools and technologies to make data consumable, insightful and predictive. Analytics enables smarter decisions and consequential actions that improve results. With help from OMB and the Congress, agencies need to build their performance management capacity and embrace analytics as a core management competency.

5. **According to the Congressional Research Service, approximately 4,000 reports arrive annually on Capitol Hill, prompting concerns that overly burdensome reporting requirements are leading to the creation of unnecessary, duplicative reports at the expense of valuable resources that could have supported agency operations. Since agency reports enable critical oversight, the large number of reports is not necessarily harmful. However, adopting a more strategic approach to reporting requirements could better target resources while supporting Congressional oversight. Do you believe the GPRA Modernization Act provides a consistent and comprehensive framework to guide efforts to streamline agency reporting requirements?**

The GPRA Modernization Act tries again to do what the 1982 Congressional Reports Elimination Act, the Federal Reports Elimination Act, the Federal Reports and Elimination and Sunset Act of 1995, and the Reports Consolidation Act of 2000 failed to do. While some progress has been made, there is widespread disappointment that these actions have primarily been administrative in nature. Additional action is still needed to streamline and simplify statutory reporting requirements. The new Act provides an annual process which, given today's fiscal environment, provides a new opportunity to reduce unnecessary burden and reduce administrative costs.

6. **Implementing the GPRA Modernization Act will require strong leadership on the part of agency Chief Operating Officers (COO). I have long advocated for top agency leadership to engage in, and be held accountable for, addressing major management and performance challenges. In your**

testimony, you noted the importance of recruiting and appointing Deputy Secretaries to serve as COO's who possess not only political and policy expertise, but management skills as well.

During the confirmation process, what specific qualifications do you believe Senators should look for to ensure nominees are capable of effectively fulfilling the duties of a COO?

The Senate's interest in leveraging its role in confirmation hearings will send a strong message that nominees for deputy secretary position should have the requisite skills to deal effectively with the broad array of complex management challenges they will face. Senators should inquire whether, in addition to substantive expertise, nominees are genuinely interested in management and possess experience managing very large organizations. One way to do so would be to examine a 2008 GAO report prepared at the request of then-Senator Voinovich. The report includes a series of questions that Senate committees of jurisdiction could use to help determine the management experience and capabilities of upcoming nominees, including questions for each of 28 major executive branch departments and agencies, and one for each of the following seven major government-wide management areas: (1) acquisition management, (2) collaboration, (3) financial management, (4) human capital management, (5) information and technology management, (6) results-oriented decision making, and (7) real property management and security.

- 7. The Act establishes in law a Performance Improvement Officer (PIO) at each agency. A recent report by the Partnership for Public Service and Grant Thornton found that many PIO's are not focused full time on performance management, as their portfolios often extend far beyond these responsibilities. Do you believe the new law will provide PIO's the stature and focus necessary to effectively improve agency performance? What lessons should we draw from the implementation of agency Chief Financial Officers that may be applicable to current efforts to strengthen PIO's?**

The GPRA Modernization Act codifies the PIO positions and defines some duties for the Council which is modeled on other successful management councils for the federal government's chief financial officers, chief information officers and chief acquisition officers. With this structure, PIOs have a platform to share best performance management practices across government and the law now also allows the Council to develop an interagency staff. The new law provides agencies the tools and an institutional means for exerting leadership on management matters. The most important lesson we can draw from the implementation of agency CFOs, CIO, and Chief Human Capital Officers is that no management structure, regardless of the source, can alone lead to improved performance if decision makers and the public that influences them do not demand it.

BACKGROUND
ROADMAP FOR A MORE EFFICIENT AND ACCOUNTABLE FEDERAL
GOVERNMENT: IMPLEMENTING THE GPRA MODERNIZATION ACT
MAY 10, 2011

Background

The bipartisan, government performance legislation, the Government Performance and Results Act of 1993 (GPRA or the “Results Act”) established a statutory framework for strategic planning, performance measurement, and reporting in the Federal Government.¹ According to the U.S. Government Accountability Office (GAO), prior to enactment of GPRA, although many agencies collected performance information at the program level, few agencies possessed results-oriented performance information to guide management or strategic policy decisions for the agency as a whole.² GPRA addressed this shortcoming by requiring agencies develop strategic plans, annual performance plans, and annual performance reports.³

In 2004, after a decade of implementation, Congress requested GAO assess GPRA. The resulting report concluded that “GPRA’s requirements have established a solid foundation of results-oriented performance planning, measurement, and reporting in the Federal Government.”⁴ However, GAO also found numerous challenges to GPRA implementation remained, including inconsistent commitment by top leadership to achieving results, crosscutting issues not being adequately addressed, and limited use of performance information by Congress.⁵

The GPRA Modernization Act, signed into law in January 2011,⁶ was informed by numerous GAO reports and recommendations (see accompanying chart), and addresses existing GPRA implementation challenges through targeted updates to the existing GPRA framework.

Summary of Key Provisions in the GPRA Modernization Act of 2010

The new law modernizes the Federal Government’s performance management framework by requiring:

- *A more coordinated and crosscutting approach to achieving meaningful results:*
 Increasingly, outcomes the public expect the Federal Government to accomplish, such as prevention of terrorist attacks, reduction in incidence of infectious diseases, or improved

¹ Government Performance and Results Act of 1993 (Public Law 103-62), available at: <http://www.gpo.gov/fdsys/pkg/BILLS-103s20enr/pdf/BILLS-103s20enr.pdf>, last accessed on May 5, 2011.

² GAO, *Results-Oriented Government: GPRA Has Established a Solid Foundation for Achieving Greater Results*, GAO-04-38 (Washington, D.C.: March 10, 2004), pp. 10-11, available at: <http://www.gao.gov/new.items/d0438.pdf>, last accessed on May 5, 2011.

³ *Ibid.* p. 11.

⁴ *Ibid.* “Highlights.”

⁵ *Ibid.* pp. 68-69.

⁶ GPRA Modernization Act (Public Law 111-352), available at: <http://www.gpo.gov/fdsys/pkg/PLAW-111publ352/pdf/PLAW-111publ352.pdf>, last accessed on May 5, 2011.

response to natural disasters, go beyond the scope of any single agency. The new law strengthens the government-wide planning requirement to direct agencies to collaboratively develop joint measures on important crosscutting goals common to multiple agencies. Under the original GPRA, planning and reporting components only focused on agency-level goals and measures, and did not require agencies to work across the government to improve results.⁷

- *Long-term efforts to improve major management functions at agencies:*
Effective management capabilities are critical to ensuring agencies effectively implement their programs and policies. The new law requires long-term goals to improve management functions in five key areas: financial, human capital, information technology, procurement and acquisition, and real property.⁸
- *Performance information to be both useful and used in agency decision making:*
Under the new Act, OMB and agencies are required to: disclose information addressing accuracy and validity concerns, release data on crosscutting policy areas, and provide regular, quarterly reporting on priority goals on a publicly available website.⁹
- *The establishment of a single government-wide website to feature performance information:*
The GPRA Modernization Act requires OMB to develop a single government-wide performance website by October 1, 2012. Each agency is required to identify each of its programs, consistent with guidance provided by the Director of OMB, for inclusion on the website. Each agency also must provide a description of the purposes of each program and how the program contributes to the mission and goals of that agency.¹⁰
- *Sustained leadership commitment and accountability for improving agency performance:*
Comptroller General Dodaro has testified that the single most important element of successful management improvement initiatives may be engaged agency leadership with a personal stake and interest in reform efforts. The new law establishes in statute a Chief Operating Officer and Performance Improvement Officer in each agency to improve agency management and performance.¹¹
- *Congressional consultation to identify management and performance goals:*
The new law strengthens the statutory requirements for Congressional consultation compared to GPRA, requiring agencies to account for how their strategic planning and performance

⁷ Committee on Homeland Security and Governmental Affairs, *GPRA Modernization Act of 2010 (to H.R. 2142)*, (S. Rpt. No. 111-372), pp. 4-5, available at: <http://www.gpo.gov/fdsys/pkg/CRPT-111/srpt372/pdf/CRPT-111srpt372.pdf>, last accessed on May 5, 2011.

⁸ GAO's March 16, 2011, testimony by Gene L. Dodaro, Comptroller General of the United States, before the Senate Budget Committee's Task Force on Government Performance, on the GPRA Modernization Act (GAO-11-466T), "Highlights" and pp. 6-8, available at: <http://www.gao.gov/new.items/d11466t.pdf>, last accessed on May 5, 2011.

⁹ *Ibid.* "Highlights."

¹⁰ S. Rpt. No. 111-372, pp. 12, 17-18.

¹¹ GAO-11-466T, "Highlights" and pp. 9-10.

reporting activities specifically incorporate insights gained from Congressional consultations with both the majority and minority Members of the committees of jurisdiction.¹²

Key Implementation Issues

Coordination and Collaboration

For the Act to be effective, OMB must work with agencies to ensure the Federal Government Priority Cross-cutting Goals truly reflect the President's, and our Nation's, priorities. Thus far, the preliminary OMB guidance on setting high priority goals and strategic decisions has been reassuring.¹³

Congressional Consultation

GAO staff, CRS analysts, former OMB staff, and academics have indicated that fostering Congressional buy-in to the GPRA process may be the most challenging aspect of implementing the GPRA Modernization Act. Yet Congressional buy-in is perhaps the most important in regard to improving the quality, utility, and long-term viability of GPRA performance information and strategic planning documents.¹⁴

Performance.gov

Prior to the enactment of the GPRA Modernization Act, OMB already had begun developing a government-wide performance website, performance.gov. Although a pilot version of performance.gov exists and is currently being tested by agency staff, the fully functional, public version of performance.gov has yet to be released due to funding challenges associated with the Electronic Government Fund.

Relevant Legislation

GPRA Modernization Act of 2010 (Public Law 111-352) – An Act to require quarterly performance assessments of government programs for purposes of assessing agency performance and improvement, and to establish agency performance improvement officers and the Performance Improvement Council.

<http://www.gpo.gov/fdsys/pkg/PLAW-111publ352/pdf/PLAW-111publ352.pdf>

Senate Report 111-372 – GPRA Modernization Act of 2010:

<http://www.gpo.gov/fdsys/pkg/CRPT-111srpt372/pdf/CRPT-111srpt372.pdf>

¹² *Ibid.* "Highlights" and pp. 10-11.

¹³ The Executive Office of the President, Office of Management and Budget, *Delivering on the Accountable Government Initiative and Implementing the GPRA Modernization Act of 2010*, (Washington, D.C.: April 14, 2011), p. 4 (Attachment), available at: <http://www.whitehouse.gov/sites/default/files/omb/memoranda/2011/m11-17.pdf>, last accessed on May 5, 2011.

¹⁴ S. Rpt. No. 111-372, pp. 4-5; Testimony by Paul L. Posner, Director of the Public Administration Program at George Mason University, before the Senate Subcommittee on Federal Financial Management, Government Information, Federal Services, and International Security hearing on government performance (September 24, 2009), pp. 11-14, available at: http://hsgac.senate.gov/public/index.cfm?FuseAction=Hearings.Hearing&Hearing_id=4a27d8ec-2e50-4e6e-aaba-72b62ca9a0ee, last accessed on May 5, 2011.

Government Performance and Results Act of 1993 (Public Law 103-62) – An Act to provide for the establishment of strategic planning and performance measurement in the Federal Government, and for other purposes.

<http://www.gpo.gov/fdsys/pkg/BILLS-103s20enr/pdf/BILLS-103s20enr.pdf>

Senate Report 103-58 – Government Performance and Results Act of 1993:

<http://www.whitehouse.gov/omb/mgmt-gpra/gprptm>

Additional Information

Executive Office of the President, Office of Management and Budget

- *Office of Performance and Personnel Management webpage:*
http://www.whitehouse.gov/omb/performance_default
- *GPRA Modernization Act of 2010 resources webpage:*
<http://www.whitehouse.gov/omb/performance/gprm-act>
- *OMB Memorandum from Director Lew and Deputy Director Zients on Implementing the GPRA Modernization Act of 2010 and Delivering on the Accountable Government Initiative:*
<http://www.whitehouse.gov/sites/default/files/omb/memoranda/2011/m11-17.pdf>

U.S. Government Accountability Office

- GAO's March 16, 2011, testimony by Gene L. Dodaro, Comptroller General of the United States, before the Senate Budget Committee's Task Force on Government Performance, on the GPRA Modernization Act (GAO-11-466T): <http://www.gao.gov/new.items/d11466t.pdf>
- GAO's March 2004 Report to Congressional Requesters, *Results-Oriented Government: GPRA Has Established a Solid Foundation for Achieving Greater Results National Strategy* (GAO-04-38): <http://www.gao.gov/new.items/d0438.pdf>

IBM Center for the Business of Government

- Report by John M. Kamensky, Senior Fellow, *GPRA Modernization Act of 2010 Explained:*
<http://www.businessofGovernment.org/sites/default/files/GPRA%20Modernization%20Act%20of%202010.pdf>

