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MANAGING FOR RESULTS

Using GPRA to Assist
Congressional and
Executive Branch
Decisionmaking

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Managing for Results: Using GPRA to Assist Congressional and Executive Branch Decisionmaking

Mr. Chairman and Members of the Committee:

I am pleased to be here today to discuss how Congress can use the Government Performance and Results Act (GPRA) as it seeks to reduce the cost and improve the performance of the federal government. There is a broad consensus within the federal government, and among students of its institutions, that part of the solution to the federal government's fiscal problems must be better management of its programs and activities. The American people also are rightly demanding that government operate in a more efficient and businesslike manner. However, improving management in the federal sector will be no easy task, but GPRA can assist in accomplishing it.

As its title indicates, GPRA's focus is on results. In crafting GPRA, Congress recognized that congressional and executive branch decisionmaking had been severely handicapped by the absence in many agencies of the basic underpinnings of well-managed organizations. Our work has found numerous examples of management-related challenges stemming from unclear agency missions; the lack of results-oriented performance goals; the absence of well-conceived agency strategies to meet those goals; and the failure to gather and use accurate, reliable, and timely program performance and cost information to measure progress in achieving results.

In recent years, Congress has put in place a statutory framework for addressing these long-standing challenges and helping Congress and the executive branch make the difficult trade-offs that the current budget environment demands. This framework includes as its essential elements the Chief Financial Officers (CFO) Act; information technology reform legislation, including the Paperwork Reduction Act of 1995 and the Clinger-Cohen Act; and GPRA. The CFO Act, as expanded and amended by the Government Management Reform Act (GMRA), spelled out an ambitious and long overdue agenda to address the lack of timely, reliable, useful, and consistent financial information in the federal government. The information technology reform legislation is directed at more effective management and use of information technology to better support agencies' missions and improve program performance. GPRA—with its focus on clarifying missions, setting programmatic goals, and measuring performance towards those goals—is the centerpiece of this statutory framework.

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In enacting this framework, Congress was seeking to create a more focused, results-oriented management decisionmaking process within both Congress and the executive branch. These laws each responded to a need for accurate, reliable information for executive branch and congressional decisionmaking, information that has been sadly lacking in the past, as much of our work has demonstrated. Implemented together, these laws provide a powerful framework for developing fully integrated information about agencies' missions and strategic priorities, results-oriented performance goals that flow from those priorities, performance data to show the achievement (or not) of those goals, the relationship of information technology investments to the achievement of performance goals, and accurate and audited financial information about the costs of achieving mission outcomes.

As agreed with the Committee, today I will provide an overview of the major management challenges that our work has shown agencies face. I will then discuss how GPRA can be used to address those challenges and better ensure that agencies are the focused, results-driven organizations that today's fiscal environment requires. I will conclude with some suggestions for Congress to consider about how it can use GPRA to enhance congressional oversight and decisionmaking. My statement is based on a large body of work we have done on management and operational issues across agencies and levels of government.¹ This work includes our Executive Guide: Effectively Implementing the Government Performance and Results Act, which draws on the experiences of leading public sector organizations and suggests a path that agencies can take to implement GPRA.² My statement is also based on the work we are completing to meet the requirement in GPRA that we report by June 1 of this year on the act's implementation and prospects for governmentwide compliance.

GPRA seeks to shift the focus of federal management and decisionmaking from a preoccupation with the number of tasks completed or services provided to a more direct consideration of the results of programs—that is, the real differences the tasks or services provided make in people's lives. As a starting point, GPRA requires executive agencies to complete—no later than September 30 of this year—strategic plans in which they define their missions, establish results-oriented goals, and identify the strategies they will use to achieve those goals. GPRA requires

¹Some of these products, along with other relevant GAO work, are listed in the "Related GAO Products" section at the end of this statement.

²Executive Guide: Effectively Implementing the Government Performance and Results Act (GAO/GGD-96-118, June 1996).

agencies to consult with Congress and solicit the input of others as they develop these plans. Next, beginning with fiscal year 1999, executive agencies are to use their strategic plans to prepare annual performance plans. These performance plans are to include annual goals linked to the activities displayed in budget presentations as well as the indicators the agency will use to measure performance against the results-oriented goals. Agencies are subsequently to report each year on the extent to which goals were met, provide an explanation if these goals were not met, and present the actions needed to meet any unmet goals.

Federal Effectiveness Has Been Undermined by Major Management Challenges

Under GPRA, virtually every executive agency must now ask itself some basic questions: What is our mission? What are our goals, and how can we measure our performance? How will we achieve those goals? How will we use performance information to make improvements? The questions that must be addressed to implement GPRA are directly related to the most pressing management challenges that we have identified through our work. These long-standing management challenges must be successfully addressed if the federal government is to become more effective and better managed.

Clarifying the Agency Mission

Efforts to build an effective and efficient organization must begin with a clearly defined mission—a concrete sense of why the organization exists and what it is to accomplish. Over the years, our work has identified instances where an agency's effectiveness was hampered by the lack of a clearly defined mission.

For example, our work has shown that the Department of Energy (DOE) needs to reevaluate its basic mission.³ DOE's responsibilities and priorities have changed dramatically over time. The DOE of today is a very different organization from what it was in 1977 when as a newly created agency, its mission was to respond to a perceived national energy crisis. Thus, while energy research, conservation, and policymaking dominated early DOE priorities, national defense and environmental cleanup now overshadow those areas. Meanwhile, new mission areas in science and industrial competitiveness have emerged and are pressing for priority attention. With each new phase, DOE leadership brought a vastly different agenda concerning DOE's basic responsibilities and how the agency should be managed. These shifts have contributed to uneven performance in many

³Managing for Results: Key Steps and Challenges In Implementing GPRA In Science Agencies (GAO/T-GGD/RCED-96-214, July 10, 1996).

mission areas. For example, during the time that DOE emphasized nuclear weapons production, it gave little attention to the environmental consequences. In part as a result, environmental cleanup will now cost between \$189 and \$265 billion by DOE's estimate.

DOE is undertaking strategic planning efforts intended, among other things, to ensure that it is identifying and addressing its critical mission areas and setting priorities for its efforts. Sustained congressional involvement in DOE's planning efforts, and in the similar efforts under way at other agencies, is vital both to ensure that missions are based in statute and to identify cases where statutory requirements need to be modified or clarified.

While progress is needed in better defining the missions of individual agencies, it is equally important to manage and coordinate federal program efforts that cut across several agencies. Our work has shown that program area after program area—such as federal land management, food safety, and early childhood development—suffers from fragmented and overlapping initiatives.⁴ Such unfocused efforts waste scarce funds, confuse and frustrate program customers, and limit the overall effectiveness of the federal effort. As Congress provides input to agencies' strategic plans, it can insist that agencies show how their programs are aligned with related efforts in other agencies. Congress can also use the planning process to seek opportunities to streamline government by comparing the effectiveness of similar program efforts carried out by different agencies.

Establishing Results-Oriented Performance Goals

As successful organizations define their missions, they also establish results-oriented performance goals that can be used to assess whether they are fulfilling their missions. We are finding that many agencies have a difficult time moving from measuring program activities to establishing results-oriented goals and managing to achieve those results.

The Small Business Administration (SBA) offers an example of goal-setting and performance measurement efforts that could be better focused on mission. SBA was created to help small businesses and strengthen the overall economy by increasing business and job opportunities. However, it had no results-oriented performance goals for its section 8(a) Minority

⁴See, for example, *Federal Land Management: Streamlining and Reorganization Issues* (GAO/T-RCED-96-209, June 27, 1996); *Food Safety: A Unified, Risk-Based Food Safety System Needed* (GAO/T-RCED-94-223, May 25, 1994); and *Early Childhood Programs: Multiple Programs and Overlapping Target Groups* (GAO/HEHS-95-4FS, Oct. 31, 1994).

Enterprise Development Program, even though Congress defined the success of this program in its enabling legislation. This legislation defined success as “the number of competitive firms that exit the program without being unreasonably reliant on section 8(a) contracts and that are able to compete on an equal basis in the mainstream of the American economy.”⁵ We and SBA’s Inspector General have pointed to the need for SBA to measure the success of the program as defined by Congress.⁶ SBA officials are now committed to gathering the information to track how many firms leaving the program are not reliant on section 8(a) contracts—a major first step in determining whether the program is helping small businesses as intended.

The fundamental reason that establishing results-oriented goals is so difficult is that, to set such goals, agencies must move beyond what they control—that is, their activities—to focus on what they merely influence—their results. Many federal services are delivered through third parties, such as states and nonprofit organizations, that may have goals that differ from those of the federal government. Moreover, in some program areas, such as basic scientific research, it can take years before the results, if any, of the federal effort become apparent. And even then, it can be very difficult to identify the extent to which the federal effort led to a given result. The consultation process is a vehicle for Congress and agencies to use to reach an understanding of the challenges confronting particular programs and agreement on what goals are appropriate given those challenges.

Designing Strategies to Meet Results-Oriented Goals

Congress rightfully expects that each agency’s plans and programs will make efficient use of budgetary resources and that, if reductions need to be made, those resources will be used in a way that maintains, to the fullest extent possible, the agency’s ability to carry out its mission. Our work has shown that many agencies are currently struggling to develop coherent strategies for restructuring their organizations, workforces, and operations to meet results-oriented goals.

This need for a coherent strategy is particularly true in the area of information technology. The sound application and management of information technology to support strategic goals must be an important part of any serious attempt to improve agency mission performance, cut

⁵102 Stat. 3856, Nov. 15, 1988.

⁶Small Business: SBA Cannot Assess the Success of Its Minority Business Development Program (GAO/T-RCED-94-278, July 27, 1994) and 8(a) Competitive Business Mix Requirements (SBA OIG Audit Report No. 5-3-E-101-021, Sept. 29, 1995).

costs, and enhance responsiveness to the public. The successful implementation of information technology reform legislation—which among other things, requires that agencies have a strategy that links technology investments to achieving programmatic results—is critical to ensuring the wise use of the billions of dollars the government is investing in information systems.

More generally, we have found that agencies need to do a better job of designing mission-based strategies to improve efficiency and reduce costs. For example, we recently reported that the Department of State does not have a comprehensive strategy to restructure its operations to adjust to today's needs.⁷ State's vast network of embassies and consulates, together with the way they are configured and operated, has remained largely unchanged despite communications and transportation advances, geopolitical changes, and new budget realities. State has not been able to make hard choices about resource priorities for its wide range of locations and functions, or to fundamentally rethink the way that it does business, in order to reduce its operating costs.

Generating Program Performance and Cost Information

Conclusions about what the government is accomplishing with the taxpayers' money cannot be drawn without adequate program performance and cost information. Viewing program performance in light of program costs as envisioned by GPRA—for instance, by establishing the unit cost per output or outcome achieved—can help Congress make informed decisions. Unfortunately, program and cost information has not always been present or reliable enough either to use in decisionmaking or to provide the requisite public accountability for the use of taxpayers' money. With successful implementation, the audited financial statements required by the CFO Act, as expanded by GMRA, will provide congressional and executive branch decisionmakers with the financial and program cost information that they have not previously had. This information is to be provided to decisionmakers in results-oriented reports on the government's program results and financial condition that, for the first time, integrate budget, financial, and program information. These reports are also to include cost information that enables users to relate costs to outputs and outcomes.

The Department of Defense (DOD) provides an example of persistent management problems—among the most severe in government—that

⁷State Department: Options for Addressing Possible Budget Reductions (GAO/NSIAD-96-124, Aug. 29, 1996).

leave an agency without the most basic financial information.⁸ Without this information, DOD is unable to properly manage its vast resources, including a budget of over \$250 billion in fiscal year 1996 and over \$1 trillion in assets worldwide. For example, critical cost data is absent for almost all of DOD's noncash assets, such as inventories, equipment, aircraft, and missiles. The DOD's financial management problems are the products of years of neglect, and building a workable financial management structure in DOD is a correspondingly long-term project. These problems have been candidly acknowledged by the Chief Financial Officer and other DOD leaders. As part of their implementation of the requirements of the CFO Act, they are taking some encouraging steps toward addressing DOD's financial management deficiencies.

Leading Organizations Provide a Roadmap for Effective Implementation of GPRA

When it passed GPRA, Congress clearly understood that most agencies would need to make fundamental management changes to properly implement this law and that these changes would not come quickly or easily. As a result, Congress included a pilot phase in GPRA for fiscal years 1994 through 1996. During this phase, selected agencies were to gain experience in the annual goal-setting and performance measurement requirements of the act and provide lessons for other agencies. About 70 federal organizations, including components of most cabinet departments and major independent agencies, participated in this pilot phase.

In addition, at the request of this Committee and the Senate Governmental Affairs Committee, we undertook a number of studies intended to help agencies implement GPRA. For example, we were asked to study leading foreign and state governments that were successfully pursuing management reform initiatives consistent with GPRA and thereby becoming more results-oriented.⁹ We further were asked whether the experiences of these and other public sector organizations could yield worthwhile lessons for agencies as they attempt to implement GPRA. Our June 1996 Executive Guide is our response to that request. The Executive Guide identifies a set of key steps and associated practices that leading federal and other public sector organizations have used to successfully implement reform efforts consistent with GPRA. Accompanying the discussion of each practice is a case illustration of a federal agency that has made progress in incorporating that practice into its operations.

⁸See, for example, DOD Accounting Systems: Efforts to Improve System for Navy Need Overall Structure (GAO/AIMD-96-99, Sept. 30, 1996).

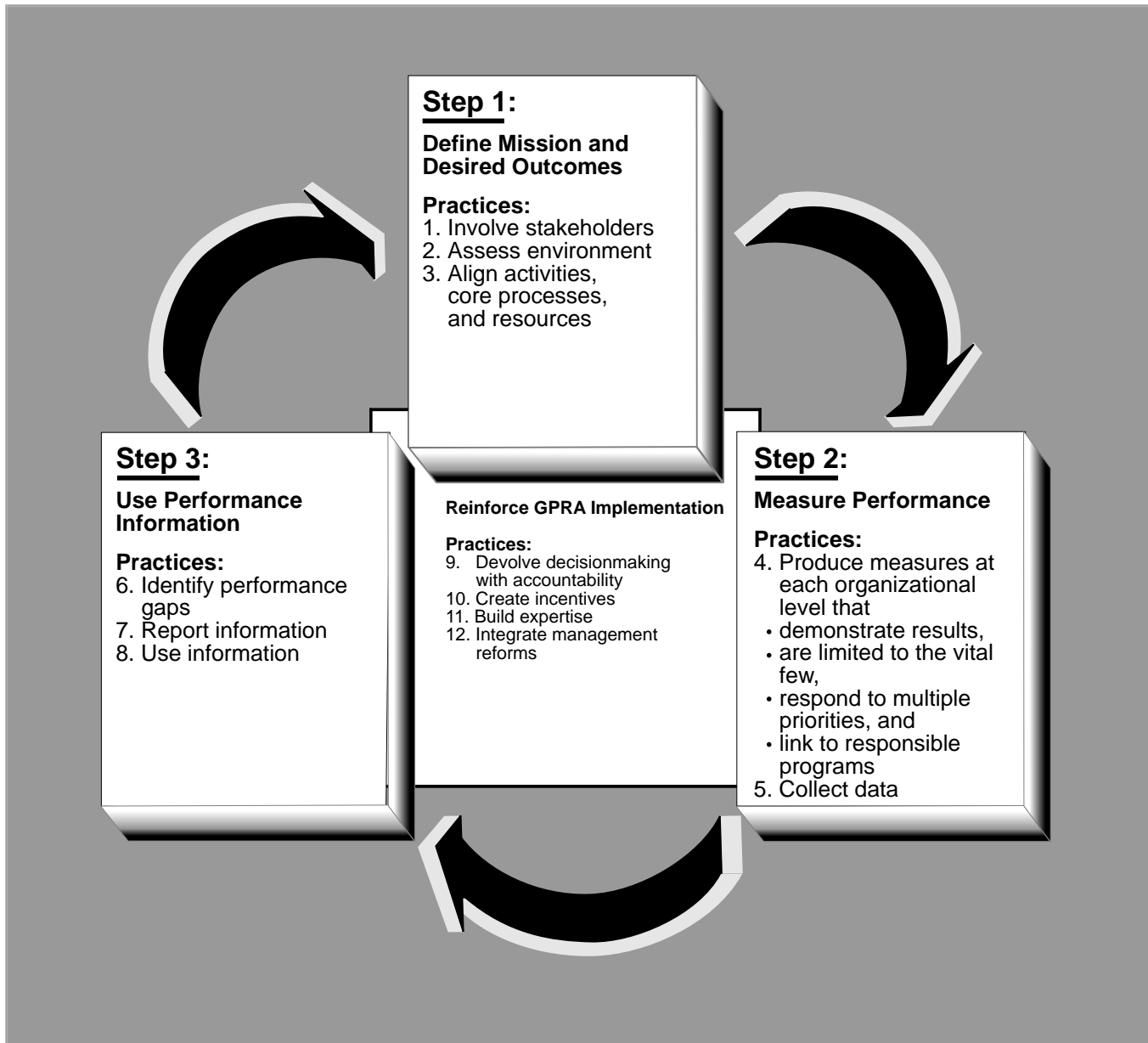
⁹Managing for Results: Experiences Abroad Suggest Insights for Federal Management Reforms (GAO/GGD-95-120, May 2, 1995) and Managing for Results: State Experiences Provide Insights for Federal Management Reforms (GAO/GGD-95-22, Dec. 21, 1994).

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Taken together, the key steps and practices drawn from the organizations we studied provide a useful framework to assist Congress and the executive branch as they work to implement GPRA. Although each of the leading organizations we studied set its agenda for management reform according to its own environment, needs, and capabilities, they all commonly took three key steps. These steps were to (1) define mission and desired outcomes or results, (2) measure performance to gauge progress, and (3) use performance information as a basis for decisionmaking. In taking these steps, leading organizations also found that certain leadership practices, such as devolving operational authority and creating incentives for managers and staff to focus on results, were central to making the changes needed for the organizations to become more results-oriented. The key steps and associated practices are illustrated in the following figure.

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Figure 1: Key Steps and Critical Practices for Implementing GPRA



Source: Executive Guide: Effectively Implementing the Government Performance and Results Act (GAO/GGD-96-118, June 1996).

The experiences of public sector organizations that have implemented public management reforms consistent with GPRA show that, while performance improvements are possible, it takes time for agencies to discard old approaches to management and accountability that focus on activities and to make the transition to a broader focus on results. In fact, at this early stage in the implementation process, we are finding that the agencies making the most progress in implementing GPRA are those that recognize they still have many implementation challenges to solve, while those making the least progress tend to see little difference between the requirements of GPRA and the way they have traditionally done business.

Successful organizations generally find that the significant improvements in performance envisioned by GPRA require major changes in how they do business, including adjustments in policies, organizational structures, program content, and core business processes. Our Executive Guide provides some illustrations. The Federal Emergency Management Agency (FEMA) traditionally carried out its mission by concentrating its efforts on post-natural-disaster assistance. However, spurred by intense external criticism, FEMA stepped back and asked itself the fundamental mission question: What is our purpose? FEMA concluded that its mission was to help to mitigate the effects of disasters before they take place rather than just respond to a disaster after it occurs. As a result, FEMA expanded its efforts. For example, it now works with local governments to strengthen building codes so that buildings are better able to withstand disasters, and it has launched an effort to increase the number of flood insurance policyholders to help individuals recover from disasters.

The experiences of the GPRA pilot agencies and other federal efforts consistent with GPRA show that improvements in performance—sometimes substantial ones—are possible when an organization adopts a disciplined approach to defining its mission and desired results, measuring its performance, and using information to make decisions. For example, as highlighted in our Executive Guide, the Veterans Health Administration improved services to veterans by more rigorously assessing the results of the medical care it provides to the nation's veterans. In particular, the Veterans Health Administration reported that it used performance information to target the most important improvement opportunities and thereby lowered the mortality rate for cardiac procedures by an average 13 percent over the last 8 years. As another example of reexamining a mission, the Coast Guard shifted the focus of its marine safety program from regulation to one that includes education. This change contributed to

a significant decline in the towing industry fatality rate—from 91 per 100,000 industry employees in 1990 to 27 per 100,000 in 1995.

GPRA Can Assist Congressional Decisionmaking

Congress can use GPRA as the centerpiece of a statutory framework to provide the vital information it needs to better make decisions. The congressional consultations on agencies' strategic plans—which in many cases are beginning now—provide an important opportunity for Congress and the executive branch to work together to ensure that missions are focused, goals are results-oriented and clearly established, and strategies and funding expectations are appropriate and reasonable. The experiences of leading organizations suggest that planning efforts that have such characteristics can become driving forces in improving the effectiveness and efficiency of program operations. The GPRA strategic planning process thus provides Congress with a potentially powerful vehicle for clarifying its expectations for agencies and expanding the focus on results expected from funding decisions.

In testimony before this Committee and the Senate Governmental Affairs Committee last March, the former Comptroller General suggested several key GPRA-related questions that Congress could ask agencies to help support congressional decisionmaking. These questions centered on determining how well agencies are measuring outcomes and how GPRA performance goals and information are being used to drive daily operations.¹⁰ These and similar questions directly related to the management challenges that I have discussed today can elicit important information needed for the making of more informed congressional decisions. The key steps and practices for effective implementation of GPRA identified in our Executive Guide suggest additional topics for Congress to pursue to ensure that agencies become results-oriented organizations that generate the information Congress and citizens need to assess whether the results are satisfactory.

Over the longer term, we have advocated that congressional committees of jurisdiction hold annual or at least biennial comprehensive oversight on each department and major independent agency. The plans and reports that agencies are to develop under GPRA and the audited financial statements that are to be prepared under the CFO Act, as expanded by GMRA, should serve as the basis for those hearings. In addition, broad accountability reports, which for the first time would present in one place

¹⁰Managing for Results: Achieving GPRA's Objectives Requires Strong Congressional Role (GAO/T-GGD-96-79, Mar. 6, 1996).

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a full range of financial, program performance, and management information, could be used to shape those hearings.

Consistent with GMRA, the Office of Management and Budget (OMB) worked with six agencies to pilot the development of consolidated accountability reports for fiscal year 1995. By integrating the separate reporting requirements of GPRA, the CFO Act, and other specified acts, the accountability reports are intended to show the degree to which an agency met its goals, at what cost, and whether the agency was well run. We have endorsed the concept of an integrated accountability report and are pleased that OMB has expanded the pilot efforts to allow additional agencies to produce reports for fiscal year 1996. These reports have the potential to provide Congress with comprehensive “report cards” on the degree to which agencies are making wise and effective use of tax dollars.

In summary, Mr. Chairman, GPRA, the CFO Act, and the information technology reform legislation can be extremely valuable tools to help Congress and agencies address long-standing managerial problems that have been a source of frustration to everyone. Sustained congressional attention to this statutory framework, in a variety of formal and informal settings, is needed to underscore for agencies the importance that Congress places on the successful implementation of these laws. In particular, Congress needs to continue to send the unmistakable message that it is serious about GPRA, intends to use it as a basis for decisionmaking, and looks forward to being actively involved in the consultation process. Strong bipartisan support will enhance that message. Both Congress and the executive branch have a vested interest in successfully implementing GPRA. Successful implementation will provide Congress and the agencies with the management framework and the information needed to focus on program results, make the hard financial decisions dictated by the current fiscal environment, and improve the capability of the federal government to deliver services with the effectiveness and the efficiency the American people deserve and rightly demand.

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

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Related GAO Products

Community Development: Status of Urban Empowerment Zones
(GAO/RCED-97-21, Dec. 20, 1996).

Information Technology Investment: Agencies Can Improve Performance, Reduce Costs, and Minimize Risks (GAO/AIMD-96-64, Sept. 30, 1996).

State Department: Options for Addressing Possible Budget Reductions
(GAO/NSIAD-96-124, Aug. 29, 1996).

Federal Downsizing: Better Workforce and Strategic Planning Could Have Made Buyouts More Effective (GAO/GGD-96-62, Aug. 26, 1996).

Information Management Reform: Effective Implementation Is Essential for Improving Federal Performance (GAO/T-AIMD-96-132, July 17, 1996).

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

Executive Guide: Effectively Implementing the Government Performance and Results Act (GAO/GGD-96-118, June 1996).

Addressing the Deficit: Updating the Budgetary Implications of Selected GAO Work (GAO/OCG-96-5, June 28, 1996).

Budget and Financial Management: Progress and Agenda for the Future
(GAO/T-AIMD-96-80, Apr. 23, 1996).

Budget Issues: Deficit Reduction and the Long Term (GAO/T-AIMD-96-66, Mar. 13, 1996).

Managing for Results: Achieving GPRA's Objectives Requires Strong Congressional Role (GAO/T-GGD-96-79, Mar. 6, 1996).

GPRA Performance Reports (GAO/GGD-96-66R, Feb. 14, 1996).

Transforming the Civil Service: Building The Workforce of the Future, Results of A GAO-Sponsored Symposium (GAO/GGD-96-35, Dec. 20, 1995).

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

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Economic Development Programs (GAO/RCED-95-251R, July 28, 1995).

Financial Management: Momentum Must Be Sustained to Achieve the Reform Goals of the Chief Financial Officers Act (GAO/T-AIMD-95-204, July 25, 1995).

Managing for Results: Status of the Government Performance and Results Act (GAO/T-GGD-95-193, June 27, 1995).

Government Restructuring: Identifying Potential Duplication in Federal Missions and Approaches (GAO/T-AIMD-95-161, June 7, 1995).

Government Reorganization: Issues and Principles (GAO/T-GGD/AIMD-95-166, May 17, 1995).

Department of Energy: Need to Reevaluate Its Role and Missions (GAO/T-RCED-95-85, Jan. 18, 1995).

Executive Guide: Improving Mission Performance Through Strategic Information Management and Technology (GAO/AIMD-94-115, May 1994).

Food Safety: A Unified, Risk-Based Food Safety System Needed (GAO/T-RCED-94-223, May 25, 1994).

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