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MANAGING FOR RESULTS

Regulatory Agencies Identified Significant Barriers to Focusing on Results



General Government Division

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The Honorable Fred D. Thompson
Chairman
The Honorable John Glenn
Ranking Minority Member
Committee on Governmental Affairs
United States Senate

The Honorable Dan Burton
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House of Representatives

The Government Performance and Results Act of 1993 was enacted to improve the efficiency and effectiveness of federal programs by establishing a system to set goals for program performance and to measure results. In recognition of the potential difficulties inherent in establishing results-oriented goals and performance measures, the Act, which is referred to as "GPRA" or "the Results Act," provided for a phased implementation period. Beginning in fiscal year 1994 and extending over several years, agencies are to develop strategic goals tied to agency missions, identify performance measures associated with those goals, and by fiscal year 1999 implement annual results-oriented performance reports linked to budget requests. In addition, in a March 4, 1995, memorandum, the President specifically directed the heads of regulatory agencies to change the way they measure both their agencies' performance and the performance of their regulatory staff so as to focus on results.

The Results Act required us to report to Congress on the prospects for the Act's implementation governmentwide, and our recent report—The Government Performance and Results Act: 1997 Governmentwide Implementation Will Be Uneven ([GAO/GGD-97-109](#), June 2, 1997)—was developed in response to that requirement. In support of that broader assessment, we initiated an examination of the early progress toward results-oriented goal setting and performance measurement in selected federal regulatory agencies as they prepared to meet the first statutorily required reporting date of September 30, 1997. We considered "regulatory agencies" to include any agency (as defined in 5 U.S.C. 551[1]) that issues rules (as defined in 5 U.S.C. 551[4]). We examined regulatory agencies in part because of the administration's initiative to better focus the

performance of regulatory agencies on achieving results through more results-oriented identification of organizational objectives and individual performance standards. The administration's initiative differs from the Results Act by adding the requirement that agencies change the way they measure the performance of frontline regulators to focus on results. In addition, because the President required regulatory agencies to start focusing on results in March 1995, these agencies were expected to adopt a results orientation sooner than the rest of the federal government.

The regulatory agencies we focused on were the Occupational Safety and Health Administration (OSHA), the Federal Aviation Administration (FAA), the Food and Drug Administration (FDA), the Internal Revenue Service (IRS), and the Environmental Protection Agency (EPA).

We developed this report to describe the status of the five agencies' attempts as of January 1, 1997, to focus on results and to ascertain what had assisted or impeded these attempts. Our specific objectives were to describe (1) the five agencies' strategic goals and related program performance measures as well as selected employee performance standards as of January 1, 1997; (2) the extent to which agency officials and we believed that these goals, program performance measures, and employee performance standards focused on results; and (3) the aids and barriers that officials in the agencies said they faced in attempting to focus on results.

Focusing on results represents a new approach for both federal agencies and Congress. Both agency management and congressional oversight have traditionally focused on inputs (e.g., the number of dollars or staff allotted to an agency); compliance with legislative or agency-developed rules; and the accomplishment of outputs (e.g., the number of inspections completed). Although a results orientation does not ignore these other factors, it focuses attention on what outcomes agencies—including regulatory agencies—are trying to accomplish.

Because a focus on results is new for federal agencies, and criteria for definitively characterizing goals, measures, and standards as "results oriented" were not yet developed, we adopted an approach that was intended to stimulate discussion of the characteristics of results-oriented goals, measures, and standards. We hypothesized that, if there were differences between our characterizations and those of the agencies, these differences and the explanations for them might be useful to the agencies by illustrating how, for example, a goal that appears to be clearly results

oriented and linked to an agency's mission in the agency's view may not appear the same way to someone from outside the agency. By comparing our characterizations with those of agency officials, we intended to foster discussion and contribute to agencies' efforts to develop results-oriented goals, measures, and standards.

Results in Brief

As would be expected in the early stages of implementing new and difficult initiatives, and consistent with our broader assessment of the prospects for implementing the Results Act, we observed that some of the five regulatory agencies were further along in the development of strategic goals, program performance measures, and employee performance standards than others. The agencies also varied in the degree to which their goals, associated sets of program performance measures, and employee performance standards that were in use as of January 1, 1997, focused on results as judged by both agency officials and by us. In this regard, it is important to note that although the Results Act was intended to encourage agencies to focus their goals and measures on results, the Act does not require that all of an agency's goals or performance measures be explicitly results oriented. Moreover, agencies were not required by the Act to actually have strategic goals and related performance measures at that point in time.¹ Similarly, the President's directive to orient frontline regulators' performance standards toward results does not explicitly require that every standard be results oriented.

There were differences in the extent to which agency officials characterized their goals, program performance measures, and employee performance standards as "results oriented," and the extent to which we did. In general, agencies frequently concluded that their goals, measures, and standards were more results oriented than we did. At the broader and more conceptual level of strategic goals, there were relatively few differences between agency officials' assessments of the extent of results orientation and ours. As we and they considered the more specific program performance measures, differences between our views and the agencies were greater, although both we and agency officials characterized the agencies' performance measures as less results oriented than the strategic goals. The differences between the agencies' assessments of the extent of results orientation and ours were greatest in considering the more detailed performance standards for regulatory personnel. (See apps. I through V for a detailed description of the extent to

¹Under GPRA, agencies are to submit strategic plans identifying strategic goals tied to agency missions to Congress by September 30, 1997, and annual performance plans related to the strategic plans are to be submitted to Congress after the President's budget is submitted in February 1998.

which we and agency officials characterized the results orientation of agencies' goals, measures, and standards.) Since January 1997, the agencies have continued their efforts to develop strategic goals and performance measures to meet the requirements of the Results Act. In commenting on a draft of this report, Office of Management and Budget (OMB) officials noted that most of the agencies' goals had changed since our review and some of the revised goals and measures were more results oriented. As we stated previously, it was our intent for this work to contribute to such an outcome.

In enacting the Results Act, Congress realized that the transition to results-oriented management would not be easy. For that reason, the Act provided for a phased approach to implementation, during which time agencies have been able to identify obstacles that need to be overcome and some factors they found helpful. The factor that agency officials most commonly said aided the establishment of a results orientation in their agencies was the enactment of the Results Act. Specifically, they said that GPRA-related requirements for outcome-oriented strategic goals and performance measures by September 1997 forced them to focus their attention on results more than they had prior to the passage of the Act. Other factors that agency officials said aided their focus on results included issue-specific legislation that cited results-oriented goals or measures, feedback from stakeholders including Congress and other interested parties, and top management leadership focused on achieving results in agency performance.

While agency officials identified some aids to focusing their agencies on results, they cited numerous barriers to their efforts to establish results-oriented goals and measures. These barriers included significant problems in identifying and collecting the data they needed to demonstrate their agencies' results. For example, IRS officials said that there are significant difficulties involved in measuring the fair amount of total taxes due, so it is hard to determine how much IRS should be collecting. Other data-related barriers included the difficulty of determining the causes of illnesses with long latency periods and problems with data collection efforts, such as under- or inconsistent reporting. Agencies also cited as a barrier the fact that diverse and complex factors affect agencies' results (e.g., business cycles, technological innovations, or the need to deliver federal program initiatives and thus achieve results through third parties), and their lack of control or influence over those factors. For example, although FDA regulations attempt to ensure that food is safe, FDA cannot control whether

consumers ultimately ensure that food is stored and prepared properly. Finally, agency officials observed that the long time period needed to see results in some areas of federal regulation was a barrier to identifying and managing toward those results in the framework of annual performance plans and budgets. The impact of some agencies' regulatory actions, such as limiting exposure to a hazardous chemical, may not be evident for years. These barriers suggest that the implementation of the Results Act in a regulatory environment may prove more difficult in some cases than in others.

Although we did not determine the validity of their claims or the extent to which the relative lack of results orientation in the performance measures was directly traceable to these barriers, the issues the agency officials raised should not be summarily discounted. Yet, while solutions may not be readily apparent, the potential long-term benefits merit efforts to develop better measures. For example, although long-term results may be difficult to use in an annual process, interim measures indicating the degree of progress toward the achievement of those results can sometimes be used to determine whether current policies are having the desired effects. Likewise, output measures such as the number of inspections conducted can be used when studies exist to demonstrate their relationship to the results that agencies are attempting to accomplish. Finally, agencies may be able to develop analytic techniques to enable them to control for extraneous factors and isolate the impact the agencies are having on such outcomes as injury rates or clean water.²

For GPRA to work in a regulatory environment, and for regulatory agencies to meet their September 1997 deadlines, it is important that those agencies begin to develop solutions to these measurement problems. Some agencies have already begun to do so. For example, IRS has been working for some time on improving its estimates of taxes owed, which might ultimately be used to determine the effectiveness of the agency's compliance programs. Agencies will also need to learn from the experiences of other agencies that have previously confronted and addressed similar issues. Our Executive Guide, for example, identified key steps that agencies need to take to implement the Results Act and provided case illustrations where federal agencies had put these practices to use.³

²Although Congress will probably require agencies to provide information on their unique contributions to outcomes as part of the oversight process, GPRA does not technically require agencies' performance measures to provide this kind of information.

³Executive Guide: Effectively Implementing the Government Performance and Results Act (GAO/GGD-96-118, June 1996).

However, while we conceptually agree with the Act's emphasis on managing for results, we also recognize that the development and practical application of results-oriented program performance measures in regulatory agencies will not always be done quickly or easily. For example, in order for an agency to isolate and measure its unique contribution to a result that is affected by a variety of factors outside of the agency, the agency must control for the effects of all of those nonagency factors. It is yet unclear whether that degree of analytical precision will always be possible.

Background

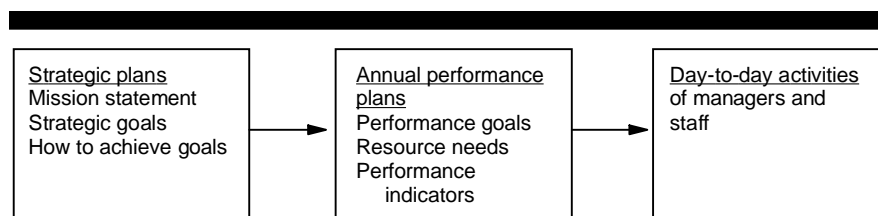
Federal regulations affect the lives of virtually every American, and have requirements that are designed to ensure, among other things, that workplaces, air travel, foods, and drugs are safe; that the nation's air, water, and land are not polluted; and that the appropriate amount of taxes are collected. They are the means by which statutory public policy goals are put into effect to achieve desired economic and social benefits. Regulations also have billions of dollars of impact on businesses, state and local governments, and the economy as a whole. Therefore, it is important that decisionmakers and taxpayers understand what specific results federal regulatory agencies are attempting to achieve and how those agencies are measuring their progress toward achieving those results.

Two efforts—one by Congress and the other by the Clinton administration—have required regulatory agencies to become more results oriented. Congress passed the Results Act in July 1993 with the intent of improving the efficiency and effectiveness of federal programs. Under the Act, federal agencies are to develop a strategic plan by September 1997, including general goals for the major functions and operations of the agency and a description of how the goals are to be achieved. Agencies are to submit annual performance plans to Congress after the President's budget submission in early 1998. Beginning in fiscal year 1999, the Act requires that each agency report annually to the President and to Congress on its performance and its progress toward meeting its goals. Agencies' plans are to be used to support the President's budget, and agencies' annual performance reports are intended to provide important information to agency managers, policymakers, and the public on what each agency accomplished with the resources it was given.

Agencies' strategic plans are to cover a period of at least 5 years and, as shown in figure 1, should contain the agency's mission statement, a set of strategic goals (including outcome-related goals), a description of how the

agency intends to achieve these goals, and a description of how the agency's performance goals will be related to its strategic goals. Strategic plans are intended to be the starting point for each agency's performance measurement efforts. The annual performance plans are to use program performance measurement to reinforce the connection between the long-term strategic goals outlined in their strategic plans and the day-to-day activities of their managers and staff. The annual plans are to include performance goals for an agency's program activities as listed in the budget, a summary of the necessary resources to achieve these goals, and the performance indicators that will be used to measure performance. Although these requirements are intended to encourage agencies to move toward results-oriented management, the Act recognizes that not all goals and measures will necessarily be results oriented.

Figure 1: Linking Results Act Requirements to Day-to-Day Activities



Source: GPRA.

Getting regulatory agencies to focus on achieving desired results was also one aspect of the administration's regulatory reinvention initiative. In Executive Order 12866, which was issued on September 30, 1993, the President set forth his philosophy for reforming the regulatory process. One of the "principles of regulation" in that order is that each regulatory agency should, to the extent feasible, "specify performance objectives, rather than the behavior or manner of compliance that regulated entities must adopt." In a March 4, 1995, memorandum, the President followed up on this executive order by directing the heads of all federal regulatory agencies to, among other things, "change the way you measure the performance of both your agency and your frontline regulators so as to focus on results, not process and punishment."⁴ Although the President's requirement that agencies measure their performance in terms of results achieved is consistent with GPRA's emphasis, measuring employees'

⁴The President's memorandum did not define "frontline regulators." We defined "frontline regulators" as regulatory staff who work directly with the regulated community by enforcing regulations.

performance in that manner is unique to the administration's regulatory reinvention initiative. As previously noted, the President's initiative does not explicitly require that all performance standards be results oriented.

The five regulatory agencies have each been attempting to develop a results orientation for some time. EPA launched a National Goals Project in 1992 to develop measurable long-range environmental goals and, more recently, attempted to increase the agency's focus on results in response to an April 1995 National Academy of Public Administration report.⁵ OSHA and IRS began agencywide GPRA pilot projects in 1993.⁶ Although FAA and FDA started their agencywide efforts more recently, they had GPRA pilot efforts under way in some of their units. All five of the agencies said they are currently consulting with Congress and preparing for agencywide compliance as part of the Act's governmentwide implementation beginning in September 1997. In addition, these five agencies are subject to the President's March 4, 1995, memorandum directing them to focus on results.

These agencies also have implemented various reforms in response to the administration's regulatory reinvention initiatives. In June 1995, each agency reported on its actions regarding four tasks the President assigned to regulatory agencies in March 1995: eliminating or improving regulations, rewarding results, creating grassroots partnerships, and negotiating rules. The "rewarding results" sections of the reports focused on the status of agency program performance measures and steps taken to ensure that frontline regulators were evaluated on results rather than process or punishment measures. For example, EPA noted in its report that it had shifted its employee performance standards from specific process-driven numeric goals to definitions of performance in terms of the quality of the output.

Scope and Methodology

We selected the five regulatory agencies in this review—OSHA, FAA, FDA, IRS, and EPA—on the basis of their size (i.e., budget and personnel); the number of significant regulations they planned to finalize or complete from October 1, 1995, to October 1, 1996; and the opinions and

⁵Setting Priorities, Getting Results: A New Direction for the Environmental Protection Agency, a National Academy of Public Administration Report to Congress, April 1995.

⁶GPRA Performance Reports (GAO/GGD-96-66R, Feb. 14, 1996) summarized our initial observations on selected agencies' first attempts to report on their performance in the pilot phase of GPRA.

recommendations of experts in the field of federal regulation.⁷ The agencies selected were those that appeared most frequently across all of these factors, although each agency selected may not have been at the top of any particular factor. For example, OSHA is a relatively small agency that typically issues few rules each year, but it was listed by most of the experts as a major regulatory agency.

To describe the agencies' strategic goals and program performance measures, we first obtained copies of the goals and measures the agencies had developed as of January 1, 1997. To describe the employee performance standards for selected regulator positions at these agencies, we first asked officials in each agency to identify frontline regulator positions that they felt would fairly represent the actions of their agencies' regulators. Using our definition of "frontline regulator"—regulatory staff who work directly with the regulated community by enforcing regulations—the agencies designated which positions they considered "frontline regulator" positions. We then obtained copies of the performance standards being used as of January 1, 1997, for the selected positions. Because the Results Act does not cover employee performance standards, we judged each set of performance standards according to the expectation set by the President in his March 4, 1995, memorandum that these standards should "focus on results, not process and punishment."

To describe the extent to which we and agency officials believed that the goals, measures, and performance standards were results oriented, we developed and provided to each agency guidelines for agency officials to use if they chose in characterizing the agencies' goals, program performance measures, and employee performance standards as results oriented to a great extent, to some extent, or to little or no extent. We used a similar framework to characterize the agencies' goals, performance measures, and employee performance standards. (See app. VI for a more extensive discussion of the methodology we used to determine the extent to which their goals, measures, and standards were results oriented.)

To respond to our third objective, we asked officials in each agency to describe the aids and barriers that their agencies faced in attempting to focus on results. We also reviewed related documents that described how agencies developed results-oriented goals and program performance

⁷We contacted experts in the field of federal regulation from the following organizations and asked them to identify which agencies they considered to be the major federal regulatory agencies: the American Enterprise Institute, the U.S. Chamber of Commerce, the National Federation of Independent Businesses, the Center for the Study of American Business, Citizens for a Sound Economy, the National Performance Review, and the Small Business Administration.

measures and any problems or successes agencies had encountered. We did not attempt to determine the validity of the factors that agency officials said aided or hindered their efforts to becoming results oriented.

We did our work between April 1996 and March 1997 in Washington, D.C., in accordance with generally accepted government auditing standards. We sent a draft of this report to the heads of each of the five agencies included in this review and to the Director of OMB. Officials from each of these agencies provided oral comments, which are summarized at the end of this report and discussed in more detail in the appendix relating to that agency. In addition, two of the agencies (OSHA and IRS) commented in writing. These comments are reprinted in their entirety in appendix VII.

Views on the Results Orientation of Strategic Goals, Performance Measures, and Performance Standards

There were differences in the extent to which agency officials characterized their goals, program performance measures, and employee performance standards as “results oriented,” and the extent to which we did. At the broader and more conceptual level of strategic goals, there were relatively few differences between agency officials’ assessments of the extent of results orientation and ours. However, as we and they considered the more specific program performance measures, greater differences existed between our views and those of the agencies. The differences between the agencies’ assessments of the extent of results orientation and ours were greatest in considering the more detailed performance standards for selected frontline regulator positions. (App. VI contains a detailed description of our scope and the methods that we used. Apps. I through V contain detailed information regarding each of the five regulatory agencies’ strategic goals, program performance measures, and employee performance standards.)

We and agency officials most frequently agreed in our characterizations of strategic goals. We both said that most of the agencies’ goals were at least somewhat results oriented. Agency officials considered almost 70 percent of the strategic goals to be greatly results oriented, and considered the remaining goals to be results oriented to some extent. We characterized about one-half of the agencies’ goals as greatly results oriented and about one-third as somewhat results oriented. We considered the remaining goals to be results oriented to little or no extent. An example of one of IRS’ strategic goals was as follows:

“Increase compliance: Our objective is to encourage and assist taxpayers to voluntarily file timely and accurate returns and to pay on time, and, if taxpayers do not comply, to take

appropriate compliance actions. We do this to ensure we collect the proper amount of tax at the least cost.”

Both we and IRS characterized this goal as results oriented to a great extent because it was directly related to IRS’ mission of collecting tax revenue, provided a clear definition of the results expected, and permitted assessment of the agency’s programs.

As we and agency officials considered the more specific program performance measures, differences between our views and the agencies’ were greater, although both we and agency officials characterized the agencies’ performance measures as less results oriented than the strategic goals. However, our characterizations of the performance measures were not as positive as those of the agencies. Agency officials said they believed that most of their sets of program performance measures were somewhat results oriented, and characterized almost 40 percent of the measures as greatly results oriented. However, we did not consider any of the sets of program performance measures to be greatly results oriented. We agreed with agency officials that most of the sets of measures were somewhat results oriented, but we viewed over 40 percent of the measures as results oriented to little or no extent. GPRA requires agencies to establish performance indicators to be used in measuring or assessing the relevant outputs, service levels, and outcomes of each program activity as part of agencies’ performance plans.

For example, OSHA’s sole performance measure for its goal to “implement a common sense strategy developed in partnership with stakeholders, for rulemaking and alternative approaches to emerging and priority safety and health issues” was “the percentage of rulemaking activity on the regulatory agenda undertaken as negotiated rulemaking.” OSHA officials considered this measure somewhat results oriented because they believed that using the negotiated rulemaking process would improve the regulated entities’ acceptance of rules, which would lead to improved compliance and fewer hazards, thereby leading to safer workplaces. However, we said this measure was results oriented to little or no extent because (1) it was not clear how use of the negotiated rulemaking process would make workplaces safer; (2) the measure simply tracked the percentage of cases in which this rulemaking process was used and, therefore, OSHA did not have a set of measures that provided relevant information to gauge progress toward the goal/mission; and (3) this measure alone did not address other aspects of the goal, such as the use of alternatives to direct regulation.

We and agency officials did not often agree about how results oriented the agencies' employee performance standards were. Agency officials characterized over 80 percent of their sets of performance standards as greatly results oriented, and considered the rest somewhat results oriented. In contrast, we viewed 40 percent of the sets of standards as results oriented to little or no extent. We characterized over one-third of the standards as somewhat results oriented, and thought that less than one-fourth of the performance standards were greatly results oriented.

For example, we generally disagreed with EPA officials' characterization of the agency's performance standards for the criminal investigator and environmental scientist positions. They said that all but two of the nine sets of performance standards for these positions were greatly results oriented and that those two were somewhat results oriented. However, we characterized eight of these sets of performance standards as results oriented to little or no extent because they were not linked with any expected results. For example, EPA officials said that the "professional attributes" standards for EPA's criminal investigator position were results oriented to a great extent because "presenting a positive well-balanced presence when conducting investigations" resulted in good internal and external working relationships. EPA officials said these professional attributes were especially important in risky situations where the investigator must be tactful in enforcing the law so that the situation does not get out of hand. However, we characterized this set of standards as results oriented to little or no extent because it was unclear how maintaining "a good level of physical conditioning" or displaying "an appearance and demeanor which is consistent with the position" were linked to any of EPA's strategic goals or its overall mission of environmental protection.

Agency Officials Identified Some Aids but Numerous Barriers to Focusing on Results

Agency officials identified relatively few aids to focusing their agencies on results, but said they faced significant barriers in these efforts. Although a few of the officials' comments described aids to establishing results-oriented goals and employee performance standards, most of their comments focused on barriers to developing results-oriented program performance measures.

Aids to Focusing on Results

The factor that agency officials most commonly said aided the establishment of a results orientation in their agencies was the enactment of GPRA. Specifically, they said that GPRA-related requirements for

outcome-oriented strategic goals and performance measures by September 1997 forced their agencies to pay more attention to results than they had prior to passage of the Act. The officials also said that congressional interest in GPRA's implementation was an impetus for a stronger focus on results.

Some agency officials cited other issue-specific legislation that they said had also encouraged their agencies to increase their results orientation. For example, agency officials said that the Aviation Security Act of 1990 and the Prescription Drug User Fee Act of 1992 contained specific results-oriented goals and performance measures for FAA and FDA, respectively.

Other aids that some agency officials also mentioned to focusing agencies on results included: training provided to staff on how to develop program performance measures; feedback from stakeholders (including Congress, the public, industry, other federal agencies, state and local governments, and interest groups); and top agency management leadership. For example, both OSHA and FDA officials said that the heads of their agencies strongly emphasized using results-oriented performance measures to focus on results.

Barriers to Focusing on Results

Agency officials cited numerous barriers that their agencies faced in becoming results oriented, some of which reportedly hindered them from establishing results-oriented strategic goals or employee performance standards. For example, some agency officials said that the conflicting views of diverse stakeholders and inconsistent statutory requirements were barriers to reaching agreement on agencies' goals. In addition, officials from IRS said that the agency is prevented by federal law from using performance standards that evaluate its staff on the basis of enforcement results.⁸

Most of the barriers that the officials mentioned focused on difficulties they experienced in developing results-oriented program performance measures. The barriers that they mentioned generally fell into three broad categories: (1) problems in collecting program performance data, (2) the diverse and complex factors that affect agencies' results and the lack of control agencies have over some of those factors, and (3) the long time frames sometimes needed to see the results of agencies' actions.

⁸The Technical and Miscellaneous Revenue Act of 1988 contains the Omnibus Taxpayer Bill of Rights, which prohibits IRS from evaluating employees on the basis of tax enforcement results.

Agency Officials Identified Problems in Collecting Program Performance Data

Officials from all five agencies said that their agencies found it difficult to establish program performance measures because of various problems they experienced in collecting necessary data. Some of those problems involved identifying the data they needed to collect in order to demonstrate their agencies' results. For example, officials at several agencies said that they sometimes were put in the difficult position of trying to gather data to "prove a negative," such as the number of aircraft accidents that were avoided by FAA's efforts to improve airport runways or the number of people who did not get sick because FDA approved a new drug or kept an unsafe product off the market. FAA officials said that they may improve runways after a runway condition was identified as contributing to an accident. However, because each aircraft accident results from a unique combination of factors, it is difficult to determine the results from the improvements made. EPA officials said that in some cases they did not know how to measure environmental outcomes. For example, EPA officials said that scientific uncertainty about the effects of exposures to various levels of pollution and pesticides made it difficult to establish appropriate measures for aquatic environments. IRS officials said that there are significant difficulties in attempting to measure the fair amount of tax due, so it is hard to determine how much IRS should be collecting.⁹ IRS officials also said it was difficult to determine the impact of customer services on tax compliance levels.

Officials from FDA and OSHA pointed out that uncertainties regarding the causes of illnesses with long latency periods made it more difficult for their agencies to collect accurate data on mortality and morbidity. OSHA's Deputy Director of Policy said it was particularly difficult to determine whether an illness resulted from conditions in the workplace or from other factors. For example, he said it is difficult to determine whether a worker developed cancer after inhaling asbestos fibers at the workplace for 20 years, or from the cigarettes the worker smoked during that period. FDA officials said that an ongoing study attempting to monitor and define the sources of foodborne diseases is expected to take years to complete.¹⁰

Agency officials noted other problems that made obtaining results-oriented performance data difficult. For example, OSHA officials said that it was difficult to collect data and track trends in the number of

⁹IRS has been working to improve estimates of taxes owed by conducting research projects and building databases to allow researchers access to current data. *Taxpayer Compliance: Analyzing the Nature of the Income Tax Gap* (GAO/T-GGD-97-35, Jan. 9, 1997).

¹⁰This study, known as the Foodborne Diseases Active Surveillance Network, or "FoodNet," is a collaborative project among the Centers for Disease Control and Prevention, seven state health departments, the Department of Agriculture's Food Safety Inspection Service, and FDA.

accidents and injuries that occurred in the construction industry because construction site locations frequently change. Other agency officials said that some outcome-oriented performance data must be collected through voluntary self-reporting methods, which are often susceptible to underreporting. For example, FDA officials said that people who become ill from food poisoning may not recognize it as such, or even if they do, they may not report it to a health official. Consequently, data on the number of food poisoning incidents may severely undercount such occurrences.¹¹ Similarly, one FAA official said that the data the agency collected on flight “incidents” were self-reported, and so were likely to be an understatement of the true number of such incidents.

Agency officials cited still other data-related problems. EPA officials said that some states were not measuring certain environmental conditions and, where data were being gathered, the states sometimes differed in the measures they used. As a result, they said, EPA lacked nationwide measures for some environmental conditions. FAA officials said that the small number of aircraft accidents each year made analysis of the data statistically unreliable. Therefore, they said that it was difficult to identify trends in the factors contributing to aviation accidents.

Complexity and Lack of Control Increased the Difficulty of Measuring Results

Officials in four of the five agencies we reviewed said it was often difficult to sort out the interaction of diverse factors that affected the results that the agencies were trying to achieve. They said that this complexity, combined with their agencies’ lack of control over many of these factors, made it difficult to establish meaningful performance measures that focused solely on their agencies’ contributions toward achieving their goals. For example, one of EPA’s strategic goals was to achieve clean and safe water, which is affected by numerous factors that are outside of EPA’s control (e.g., natural causes including weather conditions). In addition, EPA shares governmental responsibility to regulate water cleanliness and safety with other federal agencies and with state and local governments. As a result, EPA officials said it is difficult to establish performance measures that gauge only the agency’s contribution to “clean and safe water.”

Similarly, OSHA officials said that business cycles, the development of new and safer technologies, changes in laws or regulations, and other factors over which OSHA has no control affect the number of workplace accidents

¹¹See *Food Safety: Information on Foodborne Illnesses* (GAO/RCED-96-96, May 8, 1996), where we found that most cases of foodborne illness go unreported and that existing data therefore understate the extent of the problem.

and injuries occurring each year more than OSHA's actions. For example, OSHA's Deputy Director of Policy said that recent declines in accident and injury rates in Maine were a function of at least three factors: (1) the partial closure of a major industrial facility, (2) a tightening of the state's worker compensation laws, and (3) OSHA's programs in that state. He also said that worker safety data are sometimes influenced by catastrophic events, such as bombings or aircraft crashes, over which OSHA has no control. Finally, OSHA officials pointed out that the 2,000 OSHA and state inspectors can only visit a small fraction of the 6 million workplaces in the nation. Therefore, they said that they did not think it would be appropriate to hold OSHA accountable for increases in nationwide workplace injury or fatality rates.

FAA officials said that the diversity of factors in the aviation system that contribute to aircraft accidents presented a strong barrier to establishing results-based performance measures. Although they and academic researchers have studied aircraft safety issues for years, no techniques have been developed that can isolate any one factor or group of factors that can predict an accident. Because a combination of unique factors generally causes aircraft accidents, an FAA official said that it is "virtually impossible" to scientifically measure FAA's effect on aircraft safety. FAA officials also said that they could not control many of the factors that contribute to aircraft accidents, such as how alert aircraft pilots feel during a flight or the weather conditions. Therefore, they said that FAA can only "influence" aviation safety.

Similarly, FDA officials said that many factors affect whether food and drugs are safe, some of which are outside of the agency's control. For example, although FDA enforces regulations at various stages of the production process to ensure that food is safe and drugs are safe and effective, FDA officials said that consumers must ultimately ensure that food is stored properly and drugs are taken only as prescribed. Although FDA also regulates the provision of consumer information to ensure the public is aware of such considerations, FDA officials said that these and other public health issues are primarily influenced by individual behaviors that FDA cannot control.

Agency Officials Said Long Time Frames Are Needed to Judge Results

Officials from several of the agencies said that it was difficult to develop annual performance measures and track their agencies' yearly progress when the impact of some regulatory actions cannot be seen for years. For example, OSHA's Deputy Director of Policy said that the latency period

between exposure to a hazardous substance, such as asbestos, and a resulting illness can be 20 years or more. Therefore, the results of any actions OSHA takes to reduce exposures to those substances may be equally long in coming. EPA also said that a significant lag usually exists between the elimination of a chemical hazard and any corresponding change in illness rates. Similarly, FAA officials said that it takes several years to determine the effect that new equipment and facilities have on the air system's safety. They also told us that FAA's impact on safety is only evident when examining data over a number of years. The officials said that an increase in the number of accidents in 1 year does not necessarily mean that FAA's performance was worse, because the small number of accidents is affected by a variety of factors that the agency does not control, such as weather. Likewise, an IRS official said that focusing on yearly progress may result in solving immediate problems but may divert attention and reduce resources available for accomplishing longer term goals. For example, he said that a focus on current compliance levels and enforcement efforts could lessen the agency's long-term efforts to increase taxpayer compliance through education and outreach efforts.

Agency Officials Identified Various Other Barriers to Results Orientation

Agency officials cited a variety of other barriers that they said hampered their agencies' efforts to focus on results. For example, some agency officials said that other agency priorities, some of which are also presidential initiatives, were inconsistent with a results orientation because they focused on processes rather than results. For example, an EPA official said that the President's call to reduce reporting burdens on the public appeared to be somewhat contrary to the emphasis on gathering data to measure progress toward results. OSHA officials said that their agency measured the number of times the negotiated rulemaking process was used because the OSHA Administrator wanted to emphasize the importance of responding to a presidential initiative to use this process.

In addition, some agency officials said resource constraints were a barrier to a results orientation in their agencies. For example, an OSHA official said that they could only do one or two retrospective studies each year to determine the effects of prior regulatory initiatives on workplace safety and health. OSHA officials planned to use the retrospective studies to provide baseline information on the results of prior regulatory actions. (See app. I for an example of one of OSHA's retrospective studies.) FDA officials said that resource constraints made it difficult to divert resources from high priority risks to establish a statistically valid baseline for measuring industry compliance.

Also, some agency officials said that their agencies found it difficult to focus on results when they did not perceive that Congress shared that orientation. They said some congressional attention continued to focus on regulatory activities unrelated to results or that the congressional committees they work with had not yet shown any interest in GPRA.

Agency Comments and Our Evaluation

We obtained comments from each of the five regulatory agencies in this review as well as from OMB. The agencies generally agreed with the draft report's overall message that regulatory agencies face difficulties in focusing on results. Officials from FDA, for example, said that the report's discussion of the aids and barriers was fair, essentially complete, and consistent with their perceptions. However, officials from three of the agencies (OSHA, FDA, and IRS) commented that the "snapshot" approach we used did not adequately capture the dynamic nature of the process of establishing results-oriented goals, measures, and standards or the progress the agencies had made in improving their results orientation.

We recognized in the draft report that our approach provided an interim assessment at an early stage of implementing new and difficult initiatives (i.e., GPRA and regulatory reinvention) and that the agencies' goals, program performance measures, and some of their employee performance standards were changing. We did not have historical information that would have allowed us to determine the extent to which goals and performance measures that were in effect as of January 1, 1997, represented advances over past goals and measures. However, we have expanded the discussion of our methodology to further clarify our purpose and to describe the related constraints in our scope.

The following section summarizes the comments that we received from OMB. The comments from each of the agencies are summarized, and our response included, at the end of each of the relevant appendixes (apps. I through V).

OMB's Comments and Our Evaluation

We met with OMB officials, including the Deputy Administrator of the Office of Information and Regulatory Affairs, on May 5, 1997, to obtain their comments on the draft report. In general, the OMB officials thought that our characterizations of the extent of results orientation of agencies' strategic goals, program performance measures, and employee performance standards were fair and reasonable. OMB officials also said that they agreed with the draft report's overall message that these

regulatory agencies face significant barriers in focusing on results. They said that the discussion of barriers was important and noted that meeting GPRA requirements will probably take a number of iterations and considerable time. The officials said that given the difficulties agencies face, it was not surprising that there were gaps in agencies' results orientation.

The officials said that most of the agencies' goals had changed since our review. For example, they said that all of OSHA's goals have changed and that OSHA's new goals are more results oriented than those we examined. They said that OSHA continues to grapple with the question that OSHA officials identified in our report about how to measure OSHA's effects on national illness, injury, and fatality rates. As stated in our draft report, we described the agencies' goals, measures, and standards as of January 1, 1997, to provide an early indication of the extent to which these agencies were implementing new and difficult initiatives. The draft report recognized that many of the agencies were making changes to their goals and measures and some of their performance standards at the time of our review.

OMB officials recommended that our draft report state more clearly that the expectation that employee performance standards for frontline regulators focus on results was directed by the President's regulatory reinvention initiative and not by the Results Act. The officials pointed out that there are many factors interspersed between the two end points we reviewed (i.e., between the agencies' goals and measures and the standards that frontline regulators are held accountable for as they implement the agencies' regulatory programs). These factors include statutory provisions, agencies' cultures, and the level of individual performance. We agree that it is important to clearly communicate that the administration's regulatory reinvention initiative, not GPRA, set the expectation for results-oriented employee performance standards. We placed greater emphasis on this difference throughout the final report by clearly stating in each section on performance standards that the administration's regulatory reinvention initiative set the expectation for results-oriented performance standards.

We are sending copies of this report to the heads of OSHA, FAA, FDA, IRS, and EPA as well as to the Director of OMB, the Chairmen and Ranking Minority Members of the House and Senate Appropriations and other interested congressional committees, and others who may have an interest in this matter. Copies will also be made available to others upon request.

The major contributors to this report are listed in appendix VIII. If you have any questions, please contact me on (202) 512-8676.

A handwritten signature in black ink that reads "L. Nye Stevens". The signature is written in a cursive style with a large, stylized initial "L" and "S".

L. Nye Stevens
Director
Federal Management and Workforce Issues

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Abbreviations

CID	Criminal Investigation Division
CSHO	Compliance Safety and Health Officer
CSR	customer service representative
ELA	establishment licensing agreement
EPA	Environmental Protection Agency
FAA	Federal Aviation Administration
FDA	Food and Drug Administration
FTD	federal tax deposits
FTE	full time equivalent
GAO	General Accounting Office
GPRA	Government Performance and Results Act
HACCP	Hazard Assessment Critical Control Points
IDRS	Integrated Data Retrieval System
IRC	Internal Revenue Code
IRS	Internal Revenue Service
MQSA	Mammography Quality Standards Act
NDA	new drug approval
OMB	Office of Management and Budget
OSHA	Occupational Safety and Health Administration
PDUFA	Prescription Drug User Fee Act
PEP	performance evaluation plan
PLA	product licensing agreement

OSHA's Mission, Strategic Goals, Performance Measures, and Performance Standards for Selected Frontline Regulator Positions

OSHA's mission is "to assure so far as possible every working man and woman in the nation safe and healthful working conditions." OSHA administers portions of the Occupational Safety and Health Act of 1970, and is responsible for promulgating federal occupational safety and health regulations, enforcing occupational safety and health standards, and for approving plans for the development and enforcement of standards by state governments.

We assessed the results orientation of OSHA's strategic goals, performance measures, and employee performance standards according to the criteria presented in the scope and methodology appendix of this report. Because we characterized the extent to which each agency goal and set of performance measures was results oriented, the application of these criteria represented a higher standard of results orientation than required by the Government Performance and Results Act (referred to as "GPRA" or "the Results Act"). GPRA does not require that all of an agency's goals or measures be results oriented. Also, the Results Act does not cover employee performance standards. We judged each set of performance standards according to the expectation set by the President in his March 4, 1995, memorandum that these standards should "focus on results, not process and punishment." Similar to the way in which GPRA views agencies' goals and performance measures, we do not believe that each such standard must be results oriented to achieve the President's objective.

We applied our criteria to the agencies' written strategic goals, program performance measures, and employee performance standards and did not consider any supplementary or contextual information. In some cases, an agency's goals, measures, and standards appeared results oriented on the surface, but closer examination and strict application of our criteria resulted in a lower characterization. We recognize that other information outside of the written statements and outside of our review may have existed that could have resulted in our characterizing certain goals, measures, or standards differently.

Both we and OSHA officials characterized the extent of results orientation of OSHA's strategic goals, program performance measures, and employee performance standards for selected frontline regulator positions. As shown in table I.1, there were differences in how we and OSHA officials viewed the agency's goals, measures, and standards. We did not agree with agency officials that most of OSHA's goals were somewhat results oriented. There was more disagreement between us and OSHA regarding the extent of results orientation of OSHA's performance measures, in that OSHA

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characterized them all as somewhat results oriented, but we characterized them all as results oriented to little or no extent. We agreed with OSHA officials, however, regarding the results orientation of the performance standards for Compliance Safety and Health Officers (CSHOs).

Table I.1: Differences Between Our and OSHA Officials’ Characterizations

	Number that OSHA officials considered results oriented to			Number we considered results oriented to			
	Total	A great extent	Some extent	Little or no extent	A great extent	Some extent	Little or no extent
Strategic goals	3	0	3	0	0	1	2
Performance measures	3	0	3	0	0	0	3
Performance standards	3	2	1	0	2	1	0

Source: Agency and GAO analysis.

Views on the Results Orientation of OSHA’s Strategic Goals

As of January 1, 1997, OSHA had three strategic goals:¹

1. “Eliminate hazards through offering partnerships or traditional enforcement;
2. Implement a common sense strategy, developed in partnership with stakeholders, for rulemaking and alternative approaches to emerging and priority safety and health issues; and
3. Focus OSHA programs and service delivery systems using internal and external partnerships to achieve results.”

Although OSHA characterized each of these goals as results oriented to some extent, we believed that only the first goal met that standard. We considered the other two goals to be results oriented to little or no extent.

OSHA’s Deputy Director for Policy said that the agency’s first goal was somewhat results oriented because hazard elimination should lead to a reduction in workplace fatalities, injuries, and illnesses—the outcomes or results OSHA was trying to achieve. He described this goal as a surrogate for these results, and said that OSHA did not focus directly on reducing workplace fatalities, injuries, and illnesses because of the difficulty

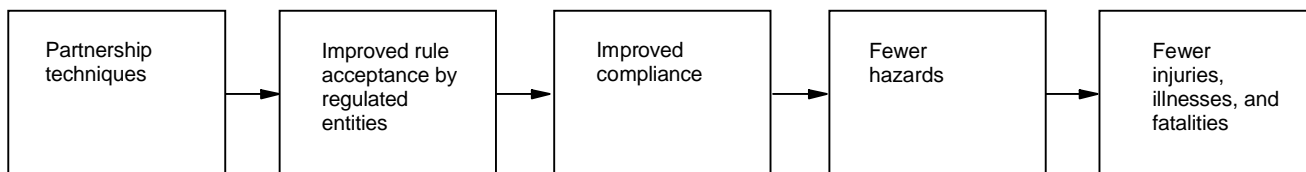
¹These goals were actually developed for fiscal year 1996. OSHA officials said that they were revising the agency’s goals and performance measures and that we should use these goals to reflect their position as of January 1, 1997.

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created by other factors such as business cycles and technological advances which also affected these outcomes.² We agreed that this goal was somewhat results oriented because the goal, although interim in nature, was plausibly related to the results OSHA was trying to achieve. However, it was not clear what results OSHA was expecting (i.e., whether the elimination of a few hazards was sufficient) or how progress would be assessed.

OSHA officials said that the agency's second goal regarding implementation of a "common sense strategy" and "alternative approaches" was somewhat results oriented because, as figure I.1 shows, they believed that building partnerships into the rulemaking process would increase the acceptability of regulations, which would in turn improve regulatory compliance by both industry and employee groups, and ultimately make workplaces safer.³

Figure I.1: Assumptions Linked Regulatory Approach to Results



Source: Information from agency officials.

However, we considered this goal to be results oriented to little or no extent because the statement was a strategy rather than an outcome that the agency was attempting to achieve.⁴ OSHA has not clearly established this goal's link to OSHA's mission and the goal did not define what results

²Similarly, OSHA's fiscal year 1995 report on performance measurement said that increased hazard identification and abatement was an "intermediate outcome," capturing the short-term results of activities that reflect desirable changes in the workplace.

³OSHA's Deputy Director for Policy said that this goal may also help OSHA change its regulatory framework. For example, he said that in some instances regulations might not be the best way to achieve a desired result, so OSHA might issue guidelines instead of regulations.

⁴Similarly, in *Managing For Results: Achieving GPRA's Objectives Requires Strong Congressional Role* (GAO/T-GGD-96-79, Mar. 6, 1996), we said that OSHA's goal to "focus resources on achieving workplace hazard abatement through strong enforcement and innovative incentive programs" represented a strategy rather than a measurable goal.

OSHA hoped to achieve, and therefore did not permit assessment of the agency's progress. OSHA could not provide any evidence that these approaches actually result in increased compliance or contribute to the agency's desired results of reducing fatalities, injuries, and illnesses in the workplace.

OSHA officials said that their third goal—to “focus OSHA programs and service delivery systems using internal and external partnerships to achieve results”—was established in reaction to the administration's desire for OSHA to improve its customer service by becoming more responsive to its customers. The officials said that they considered the goal somewhat results oriented because they believed that hazards would be addressed more quickly through partnerships and hazard reduction would ultimately result in fewer workplace fatalities, injuries, and illnesses. However, we believed that this goal was results oriented to little or no extent because it was unclear (“focus OSHA programs and ... systems”) and it utilized a strategy (“partnerships”) to achieve unspecified “results.” Therefore, it was also impossible to assess OSHA's progress toward achieving any results.

Views on the Results Orientation of OSHA's Program Performance Measures

OSHA officials said that the sets of program performance measures OSHA had adopted for the three strategic goals were each results oriented to some extent. However, we believed that each of these sets of performance measures was results oriented to little or no extent.

Views on the Results Orientation of Measures Associated With OSHA's Strategic Goal to “Eliminate Hazards”

As of January 1, 1997, the performance measures that OSHA used to assess progress toward its first strategic goal, “to eliminate hazards through offering partnerships or traditional enforcement,” were:

- “Percentage of programmed inspections that result in the identification of significant hazards;
- Percentage of initial consultation visits that result in the identification of significant hazards;
- Median time for hazard abatement for inspections;
- Median time for hazard abatement for consultation visits;
- Median time to respond to requests from smaller employers in high hazard industries and operations;
- Average cost per person trained through the targeted training grant program; and

- Average evaluation score on courses offered by the OSHA Training Institute and Education Centers.”

OSHA officials characterized this set of program performance measures as somewhat results oriented because they believed that all of the measures in the set were related to the goal of eliminating hazards. However, OSHA's Deputy Director for Policy also said that OSHA is working to make the measures even more results oriented, and has taken other actions to measure the agency's effects and focus on achieving particular outcomes. For example, he said that OSHA has done some retrospective analyses to identify the results of their efforts. In one such study OSHA found that within 5 years of the promulgation of OSHA's general industry lead standard in 1978, the number of workers in the lead smelting and battery manufacturing industries who had high-lead concentrations in their blood dropped by 66 percent, from about 19,000 to about 6,500. The Deputy Director also told us that OSHA is in the process of redesigning its field offices, and that each redesigned office has a local problem-solving component with outcome measures. One of these redesigned field offices is using data from the state registry on lead poisoning to measure OSHA's impact on the health and safety of construction workers who paint bridges (which involves the removal of lead paint). The field office is conducting a training program, and next year they will determine whether there are significantly fewer reports of lead poisoning in the state registry.

We believed that the set of program performance measures associated with OSHA's goal of eliminating hazards was results oriented to little or no extent because, although they initially appeared to be results oriented, the measures were not clearly and unambiguously related either to the goal or to the agency's desired results of reducing workplace fatalities, injuries, and illnesses. The set of measures did not address all aspects of the goal and also did not provide relevant information for assessing progress toward the goal or the agency's mission.

For example, the first two measures—the percentage of inspections or consultations that resulted in the identification of significant hazards—did not reflect the actual number of significant hazards found, only how often inspections or consultations revealed at least one such hazard. One inspection that identified 50 significant hazards would be recorded the same as another inspection that identified only 1 significant hazard. The measures did not reflect the number of hazards that were eliminated in those workplaces or whether the OSHA inspections and consultations resulted in any reduction in fatalities, injuries, or illnesses. Furthermore, it

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was unclear whether changes in these measures would indicate that workplaces are becoming more or less hazardous. For example, if 30 percent of the inspections conducted in 1995 resulted in the identification of a significant hazard, and that figure rose to 50 percent in 1996, it would not be clear whether the 20 percentage point increase reflected increased diligence and effectiveness on the part of OSHA inspectors, better targeting of OSHA inspections, or that workplaces had become more hazardous.

The third and fourth measures—"median time for hazard abatement" for inspections and consultation visits—were also not as results oriented as they appeared. These measures reflected the time OSHA gave companies to abate a hazard, not the actual amount of time it took until the hazard was abated or even whether the hazard ever was abated.⁵ Similarly, the fifth measure gauged the time it took OSHA to respond to requests from smaller employers in high hazard industries and operations and did not measure whether hazards were eliminated or whether workplace fatalities, injuries, or illnesses were reduced as a result of their response. Also, OSHA's 1995 performance report showed that smaller employers in the manufacturing sector had the lowest percentage of inspections with significant hazards of any size group. Therefore, this measure appears to have focused on the group of employers with the fewest significant hazards.

We also did not believe that the training-related measures that OSHA associated with this goal were clearly related to hazard abatement. For example, although the average cost per person trained through the targeted training grant program may be a useful measure in other respects (e.g., a cost-effectiveness analysis), the resultant dollar figure may bear little relationship to the elimination of hazards or reduction of workplace fatalities, injuries, or illnesses. Similarly, average evaluation scores on OSHA training may have had relevance in terms of selecting one course or instructor over another, but those scores may be totally unrelated to the agency's goal or desired results.⁶

⁵OSHA's 1995 performance report indicated that OSHA might move to measure actual time to abate hazards rather than the amount of time assigned for abatement.

⁶However, the provision of relevant training (not the cost per person trained or average evaluation scores) can be a legitimate and results-oriented measure for hazard abatement or even the reduction of fatalities, injuries, and illnesses when the linkage between training and the result is demonstrated. For example, OSHA's fiscal year 1995 Performance Measurement Report cited a study examining the effects of OSHA-funded training on logging safety provided to 250 companies in Idaho and Washington during fiscal year 1993 and the first quarter of fiscal year 1994 that discovered that accident claims and lost work days per year declined after the safety training was provided.

Views on the Results
Orientation of the Measure
for OSHA's Second Goal on
Rulemaking and
Alternative Approaches

OSHA used one performance measure, "the percentage of rulemaking activity on the regulatory agenda undertaken as negotiated rulemaking," to assess the agency's progress in meeting its second strategic goal, to "implement a common sense strategy, developed in partnership with stakeholders, for rulemaking and alternative approaches to emerging and priority safety and health issues."

A negotiated rulemaking brings together interested parties who draft a proposed rule that then goes through notice and comment procedures.⁷ OSHA officials characterized this measure as results oriented to some extent because, as noted previously and depicted in figure I.1, they believed that using partnership techniques such as negotiated rulemaking would ultimately make workplaces safer. However, OSHA officials could provide no evidence to support this assumption. Therefore, we considered this measure to be results oriented to little or no extent because it was not clearly and unambiguously related to OSHA's mission and would not provide relevant information to permit assessment of the agency's programs. Also, according to OSHA's fiscal year 1995 Performance Measurement Report, the negotiated rulemaking process was applicable to only a portion of proposed rules, and therefore this measure could not be used for all of OSHA's regulatory activities. Finally, the measure did not address all aspects of the goal in that it did not gauge any "alternative approaches" to regulation.

Views on the Results
Orientation of the Measure
for OSHA's Third Goal to
Focus OSHA Programs and
Service Delivery Systems

OSHA used one performance measure, "the median time to respond to complaints," to measure progress toward its third goal, to "focus OSHA programs and service delivery systems using internal and external partnerships to achieve results." OSHA officials characterized this measure as results oriented to some extent because they said it reflected one of OSHA's responses to the administration's reinvention initiatives to improve its customer service.⁸ We characterized the measure as results oriented to little or no extent because it did not clearly relate to OSHA's goal or mission and did not provide relevant information regarding progress toward the goal. The measure focused on how long it took OSHA to respond to a

⁷See the Negotiated Rulemaking Act of 1990, 5 U.S.C. 561-570.

⁸OSHA has changed its policy so that when it receives a complaint, it determines whether to immediately inspect or investigate the alleged hazards. If OSHA determines an investigation is appropriate, the agency will telephone the employer, describe the alleged hazards, and follow up with a fax or a letter. The employer can respond in kind, identifying any problems found and noting corrective actions taken or planned. An adequate response generally negates the need for an inspection. According to OSHA officials, lower priority complaints can be resolved through the phone/fax procedure, therefore allowing a more effective use of OSHA inspection resources.

complaint, not how long it took to abate the hazard that originated the complaint or even whether the hazard was eliminated. Also, there were no other measures regarding the contributions of internal or external partnerships to any results achieved, so the goal was incompletely addressed.

Views on the Results Orientation of OSHA's Performance Standards for Selected Frontline Regulator Positions

In contrast to strategic goals and program performance measures, the administration's regulatory reinvention initiative, not GPRA, set the expectation for agencies to focus on results when measuring the performance of their frontline regulators. Two of OSHA's frontline regulator positions were safety inspectors and health inspectors.⁹ Although both positions were covered by the same set of CSHO standards, the standards varied somewhat by OSHA regional office. OSHA officials said we could select the standards used in any of its regions, so we used the San Francisco regional office's CSHO standards in this study.

As of January 1, 1997, OSHA had three CSHO job elements, with one descriptive performance standard for each element. They were:

1. **Building Partnerships and Improving the Agency's Effectiveness.** Participates in planning and executing safety and health program activity that serves our customer and improves OSHA's mission of assuring worker protection.
2. **On Site Inspection.** Performs inspections in accordance with agency policy and organizational goals. The scope and focus of the inspection is based on the type of inspection, the hazards found and the effectiveness of the employer's safety and health program.
3. **Case Management.** Plans, prepares, organizes and documents enforcement and non-enforcement cases in accordance with agency policy and organizational goals."

Each standard also had a set of "performance measurement considerations" that elaborated the standard. For example, the considerations for the first standard included "promotes voluntary compliance efforts" and "maintains and improves safety/health knowledge and skills."

⁹Although the President's March 4, 1995, memorandum on his regulatory reinvention initiative did not define "frontline regulators," we defined them as regulatory staff who work directly with the regulated community by enforcing regulations. OSHA officials identified these two frontline regulator positions for this review.

OSHA officials characterized the performance standard for the “building partnerships” and “on-site inspection” job elements as results oriented to a great extent because they believed they were directly linked with OSHA’s mission to assure worker protection. OSHA officials characterized the performance standard for the “case management” element as somewhat results oriented because it was less directly linked to the agency’s mission.

We agreed with OSHA’s characterizations of these three performance standards. We viewed the first two performance standards as greatly results oriented because they explicitly referred to OSHA’s mission and goals, and a majority of the associated performance measurement considerations addressed results. For example, in “building partnerships” the CSHOs were expected to identify and design intervention tools “that will effect the greatest reduction of illness, injury, and death.” We agreed with OSHA officials that the third performance standard regarding case management was somewhat results oriented because the standard and the associated performance measurement considerations were only indirectly related to results. For example, both the standard and the considerations were primarily focused on internal procedures such as documenting cases, demonstrating knowledge of OSHA standards, and applying professional judgment—actions that may or may not lead to safer workplaces.

OSHA’s Comments and Our Evaluation

We met with OSHA officials, including the Acting Director of Policy, on April 25, 1997, to receive their comments. OSHA officials said that they generally agreed with the draft report’s overall message regarding the difficulties regulatory agencies have experienced in becoming results oriented. They provided one technical correction, which was included in the final report.

Both in our meeting with OSHA officials and in OSHA’s written comments (see app. VII), OSHA emphasized that its approach to focusing on results began with the development of processes and data systems, not the development of results-oriented goals. They said that agencies can legitimately be in different stages of results orientation because of differences in the approaches agencies took to focusing on results. Therefore, the officials said they believed that any comparison of the information presented about the agencies would be misleading and inappropriate. They also recommended that the final report more prominently reflect that not all goals need to be results oriented.

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We agree that agencies can use different approaches to focus on results and that they can legitimately vary in the degree to which they are results oriented at a particular point in time. As reflected in the draft report, we expected such variance in the early stages of implementing GPRA and the regulatory reinvention initiative and explicitly recognized the interim nature of the characterizations we made as agencies continued to change their goals, measures, and standards. We removed tables in the draft report that were intended only to summarize information across agencies because OSHA's comments led us to realize that the tables could have the unintended effect of leading a reader to compare the agencies with one another and to assume that all goals, measures, and standards are required to be results oriented.

OSHA officials also said that the discussion in the draft report about the barriers agencies face in focusing on results should be highlighted more prominently in the results-in-brief section. In response, we included more information in the results-in-brief section of the final report describing the barriers agencies identified and also summarized the information about the agencies' goals, measures, and standards in a more general manner.

In its comment letter, OSHA said that its fiscal year 1995 Performance Measurement System Framework had long-term outcome measures of injuries, illnesses, and fatalities prevented that were not recognized in the draft report. However, the letter also said that "these long term outcomes may not be immediately evident and therefore were not included in OSHA's fiscal year 1996 goals and objectives." Therefore, OSHA apologized "for any misunderstanding or miscommunication of information related to our measures." The scope of this review included only OSHA's fiscal year 1996 goals and measures, not those for fiscal year 1995. When asked to confirm that our information on OSHA's fiscal year 1996 goals and program performance measures was accurate and complete, both before doing our analysis and again in January 1997, OSHA officials did not identify any additional measures for our review.

FAA's Mission, Strategic Goals, Performance Measures, and Performance Standards for Selected Frontline Regulator Positions

FAA's mission is to provide "a safe, secure, and efficient global aerospace system that contributes to the national security and the efficiency of U.S. aerospace" and be "responsive to the dynamic nature of customer needs, economic conditions, and environmental concerns."

We assessed the results orientation of FAA's strategic goals, performance measures, and employee performance standards according to the criteria presented in the scope and methodology appendix of this report. Because we characterized the extent to which each agency goal and set of performance measures was results oriented, the application of these criteria represented a higher standard of results orientation than required by the Results Act. The Act does not require that all of an agency's goals or measures be results oriented. Also, GPRA does not cover employee performance standards. We judged each set of performance standards according to the expectation set by the President in his March 4, 1995, memorandum that these standards should "focus on results, not process and punishment." Similar to the way in which the Act views agencies' goals and performance measures, we do not believe that each such standard must be results oriented to achieve the President's objective.

We applied our criteria to the agencies' written strategic goals, program performance measures, and employee performance standards and did not consider any supplementary or contextual information. In some cases an agency's goals, measures, and standards appeared results oriented on the surface, but closer examination and strict application of our criteria resulted in a lower characterization. We recognize that other information outside of the written statements and outside of our review may have existed that could have resulted in our characterizing certain goals or sets of measures and standards differently.

Both we and FAA officials characterized the extent of results orientation of FAA's strategic goals, program performance measures, and employee performance standards for selected frontline regulator positions. As shown in table II.1, there were differences in how we and FAA officials viewed the agency's goals, measures, and standards. Generally, we agreed that most of FAA's strategic goals were results oriented. There was some disagreement between us and FAA regarding the extent of results orientation of FAA's performance measures, although we both characterized the measures as less results oriented than the goals. There was a sharp disagreement in ours and the officials' characterizations of FAA's performance standards. FAA officials said that five of the six sets of performance standards were greatly results oriented. However, we

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characterized one set as greatly results oriented, one set as somewhat results oriented, and the remaining four sets as results oriented to little or no extent.

Table II.1: Differences Between Our and FAA Officials’ Characterizations

	Number that FAA officials considered results oriented to			Number we considered results oriented to			
	Total	A great extent	Some extent	Little or no extent	A great extent	Some extent	Little or no extent
Strategic goals	9	3	6	0	3	5	1
Performance measures ^a	6	4	2	0	0	4	2
Performance standards	6	5	1	0	1	1	4

^aThree of FAA’s strategic goals had no program performance measures.

Source: Agency and GAO analysis.

Views on the Results Orientation of FAA’s Strategic Goals

We and FAA officials reviewed 9 of FAA’s 10 strategic goals in place as of January 1, 1997:¹

1. “System safety—zero accidents. Eliminate accidents² and incidents³ in aviation and protect public safety and property in space transportation systems by targeting the most critical areas.
2. Security—zero incidents. Eliminate security incidents in the aviation system.
3. Human factors safety—zero accidents. Eliminate human factors as a causal factor in accidents and incidents.

¹FAA officials said that one of the agency’s strategic goals—“promote active, vital, and efficient aviation and space transportation industries”—would soon be eliminated because of a change in the agency’s mission contained in the Federal Aviation Reauthorization Act of 1996. This act changed FAA’s mission by eliminating the dual mandate of promoting both the “development” and “safety” of U.S. air commerce. Therefore, we decided to eliminate it from our review.

²An aircraft “accident” is defined by regulation as “an occurrence associated with the operation of an aircraft which takes place between the time any person boards the aircraft with the intention of flight until all such persons have disembarked, and in which any person suffers death or serious injury as a result of being in or upon the aircraft or by direct contact with the aircraft or anything attached thereto, or in which the aircraft receives substantial damage.”

³An aviation “incident” is defined by regulation as “an occurrence other than an accident associated with the operation of an aircraft which affects or could affect the safety of operations.”

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4. System capacity. Meet the system capacity needs for air and space transportation safely and efficiently through near-term actions targeted at specific problems and a long-term comprehensive program of research, planning, and investment matching user needs.
5. Achieve safe, secure, and efficient global air and space transportation systems by promoting international cooperation and harmonization.
6. Provide strong leadership regarding the environmental impacts of aviation and commercial space transportation.
7. Manage resources and investments to control costs and increase productivity, efficiency, and effectiveness, while promoting safety and customer service.
8. Transform FAA into the model Federal workplace.
9. Establish and maintain mutual lines of communications with the public and with employees to promote understanding, awareness, and cooperation, and to serve the interests of the traveling public.”

FAA officials characterized the first three goals as results oriented to a great extent and the six remaining goals as somewhat results oriented. We considered the first three goals to be results oriented to a great extent, five goals somewhat results oriented, and one goal results oriented to little or no extent.

According to FAA officials, the agency's first strategic goal was results oriented to a great extent because it established a clear definition of the results expected (“zero accidents”). An FAA official said the agency recognized that, although it was possible to achieve zero accidents for commercial aviation during 1 year, in the long term an accident would likely occur. However, the official said that this goal was created in response to the administration's desire to ensure aviation safety and express no tolerance for aviation accidents. He also said that FAA management did not want to imply that having accidents would be acceptable or that anything other than achieving zero accidents was desirable. Finally, the official said that the goal reflected a quality management perspective of setting high expectations and striving for the best results that could be achieved. We agreed that the goal was greatly results oriented because it was directly linked to FAA's mission of providing a safe and secure aerospace system, contained a clear definition

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of expected results, and permitted assessment of the agency’s progress toward the goal.

FAA officials said the agency’s second strategic goal of eliminating security incidents (i.e., no hijackings or explosions aboard aircraft) was also results oriented to a great extent because, like the first goal, FAA deliberately established a clear outcome-related goal of eliminating security incidents in the aviation system. We agreed that this goal was greatly results oriented because it provided a clear definition of what outcomes were expected, was measurable, and was unambiguously linked to FAA’s mission.

FAA’s third strategic goal, “human factors safety—zero accidents,” was a subset of the first goal, but FAA established it as a separate goal to enable the agency to isolate human factors from other causes of accidents. FAA officials characterized this goal as results oriented to a great extent. We agreed with that assessment because the goal was directly linked to FAA’s mission, was clear in the results expected, and permitted assessment of the agency’s progress toward the result.

FAA officials characterized the fourth strategic goal (“to meet system capacity”) as somewhat results oriented because of the difficulties they experienced in defining aviation system “capacity.” An FAA official said that defining system capacity solely in terms of the increased number of aircraft traveling through the nation’s airspace or the number of additional airport runways would not be sufficiently inclusive. He said that any goal relating to system capacity would need to reflect other considerations as well, such as delays, capital expenditures for aviation facilities, and the needs of the aviation community. We agreed with FAA that the fourth strategic goal was somewhat results oriented because, although it was clearly linked to FAA’s mission, it did not clearly identify the results FAA was trying to achieve regarding system capacity, nor did it provide a means of assessing the agency’s progress in achieving the results. We also agreed with FAA officials’ characterization that the fifth strategic goal, to “achieve safe, secure, and efficient global air and space transportation systems,” was somewhat results oriented. Although the goal was linked to the agency’s mission, it did not clearly define the results expected and did not provide a means of assessing those results.

FAA officials characterized FAA’s sixth strategic goal, to “provide strong leadership regarding the environmental impacts of aviation and commercial space transportation,” as results oriented to some extent.

However, they noted that the term “strong leadership” was subject to a variety of interpretations by interest groups and other stakeholders, such as aircraft manufacturers, airline operators, and the general public. We characterized this goal as somewhat results oriented because, although it was linked to FAA’s mission, it did not provide any description of what would result from the “strong leadership” that FAA was to provide or how to assess the effects of this leadership.

FAA characterized the seventh (“managing resources”), eighth (“transforming FAA into a model Federal workplace”), and ninth (“establishing and maintaining lines of communications”) strategic goals as somewhat results oriented because they were written in broad terms and not easily measurable. We agreed with FAA officials that all three strategic goals were not measurable, although two of the goals (“managing resources” and “establishing and maintaining lines of communications”) were linked to the agency’s mission. As such, we agreed with FAA officials’ characterization that these two goals were somewhat results oriented. We considered the goal of transforming FAA into a model federal workplace as results oriented to little or no extent because it was not linked to FAA’s mission and did not provide a clear definition of what results were expected or permit assessment of the agency’s progress.

Views on the Results Orientation of FAA’s Program Performance Measures

FAA officials said that their agency’s program performance measures were evolving and they planned to modify these measures to better focus on results before submitting them to the Office of Management and Budget (OMB) for review in September 1997 as part of GPRA implementation. However, as of January 1, 1997, FAA had sets of program performance measures for six of its nine strategic goals. FAA officials said that FAA was still developing measures for the agency’s seventh and ninth goals. FAA officials did not identify any performance measures for the agency’s fifth goal.

FAA officials said that the sets of program performance measures for the first four strategic goals were results oriented to a great extent and the sets of measures for the sixth and eighth strategic goals were somewhat results oriented. We considered three of the first four sets of measures as somewhat results oriented and the sets of measures for the third and eighth strategic goals to be results oriented to little or no extent. We agreed with FAA officials that the set of measures for the sixth strategic goal was somewhat results oriented.

Views on the Results
Orientation of the
Measures for FAA’s First
and Third Goals

The program performance measures FAA used for both its first (“system safety—zero accidents”) and third (“human factors safety—zero accidents”) strategic goals were:

- “percent reduction in accident rate;
- number of fatalities per million passenger miles;
- percent reduction in operational error⁴ rates;
- percent reduction of near mid-air collisions;⁵ and
- percent reduction in runway incursions.”⁶

FAA officials said they characterized this set of program performance measures as greatly results oriented because the measures enabled the agency to track accidents and fatalities and were directly related to the FAA’s first and third strategic goals. We considered this set of measures to be somewhat results oriented with regard to FAA’s first goal because it did not address all aspects of the goal. For example, although part of the goal was the elimination of all aviation incidents, the incident-related measures focused on only certain types of incidents (operational errors, midair collisions, and runway incursions) and not other types (e.g., weather-related incidents). Also, the accident rate measure (the number of accidents per 100,000 flight hours) was not clearly related to the goal of “zero accidents.” For example, the absolute number of accidents could actually increase while the percentage of accidents per 100,000 flight hours decreased because of a large increase of flight hours. We considered this set of measures to be results oriented to little or no extent with regard to FAA’s third goal—human factors safety. The measures were not clearly linked to the goal of eliminating human factors in accidents and incidents because none of them isolated human factors in the results they were measuring. For example, the number of fatalities could be a function of factors totally unrelated to human factors.

⁴An operational error is an occurrence attributable to an element of the air traffic control system that results in less than the applicable separation minima between two or more aircraft, or between an aircraft and terrain or obstacles and obstructions. Obstacles include vehicles, equipment, and/or personnel on runways.

⁵A near midair collision is an incident associated with the operation of an aircraft in which a possibility of collision occurs as a result of proximity of less than 500 feet to another aircraft, or a report is received from a pilot or flight crew member stating that a collision hazard existed between two or more aircraft.

⁶A runway incursion is any occurrence at an airport involving an aircraft, vehicle, person, or object on the ground that creates a collision hazard or results in loss of separation with an aircraft taking off, intending to take off, landing, or intending to land.

**Views on the Results
Orientation of the
Measures for FAA’s
Security Goal**

FAA’s program performance measures for FAA’s second strategic goal (“security—zero incidents”) were:

- “Percent improvement in detection of complex improvised explosive devices through all threat vectors;⁷
- percent increase in the system’s ability to sustain 100 percent compliance with contingency measures;⁸ and
- percent decrease in vulnerability to existing or new threats.”⁹

FAA officials said they characterized this set of performance measures as results oriented to a great extent because the measures were quantitative and reflected improvements made to the security system. Although we agree that this set of measures was related to the agency’s security system goal, we considered it somewhat results oriented because it did not measure all aspects of system security. For example, an FAA official said that the set’s first measure will initially measure only the detection performance of “threat vectors” with screening equipment (e.g., x-ray machines) and may not include other threat sources. Also, the set’s first measure refers only to explosive devices and not other weapons such as handguns.

**Views on the Results
Orientation of the
Measures for FAA’s System
Capacity Goal**

The program performance measures for FAA’s fourth strategic goal regarding system capacity were:

- “Percent increase in Instrument Flight Rule/Visual Flight Rule capacity ratio;¹⁰

⁷This measure refers to an air carrier or airport security system’s ability to detect explosive devices attempting to reach a target through different approaches, such as within a checked bag, cargo, or with a person.

⁸“Contingency measures” refers to security countermeasures to be taken by air carriers and aviation industry personnel as directed by FAA through its emergency authority. These countermeasures are previously agreed-upon actions based on assessments made by law enforcement and intelligence agencies. FAA assesses a security system’s implementation of a countermeasure through surveillance, interviews, audits, and testing.

⁹This measure refers to FAA’s airport-by-airport vulnerability assessments and use of risk assessment methodologies and tools to determine the reduction of risk when mitigating or closing vulnerabilities in airports’ security systems.

¹⁰The Instrument Flight Rule/Visual Flight Rule capacity ratio estimates an airport’s capacity to handle air traffic during good and poor weather conditions.

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- percent increase in number of Global Positioning System non-precision and precision approaches;¹¹
- percent reduction in ground movement time;¹²
- percent reduction in system induced delays per number of operations;
- percent reduction in equipment caused delays per number of operations; and
- percent reduction in weather induced delays per number of operations.”

FAA officials characterized this set of program performance measures as greatly results oriented because it focused on how the end user actually experiences the aviation system. However, FAA officials also told us that the agency recognized that this set of measures did not include indicators for some capacity issues that were of concern to the aviation system’s users, including the system’s flexibility, accessibility, and predictability.¹³ We concluded that the measures do not provide a means of assessing how FAA will “meet the system capacity needs” in the near and long term as described in the system capacity strategic goal. Therefore, we considered this set of measures to be somewhat results oriented.

**Views on the Results
Orientation of Measures
for FAA’s Environmental
Responsibility Goal**

The program performance measures for FAA’s sixth strategic goal—“provide strong leadership regarding environmental impacts of aviation and commercial space transportation”—were as follows:

For industry operations:

- “Percent reduction in number of residents exposed to significant airport noise levels.”

For FAA operations:

- “Percent of facilities which have received safety inspections,
- percent of facilities which have received environmental inspections,
- number of fuel tanks brought into compliance with EPA requirements, and
- number of facilities audited for energy conservation.”

¹¹The Global Positioning System is a satellite-based navigation system which can provide aircraft with extremely precise position information.

¹²The “percent reduction in ground movement time” measures the amount of time aircraft taxi in and out of the airport, a means of measuring a delay in the aviation system.

¹³FAA has recently developed a new set of measures for system capacity. An FAA official said that this new set of measures will be included in FAA’s Air Traffic Services’ Fiscal Year 1999 Business Performance Plan.

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FAA officials characterized this set of program performance measures as somewhat results oriented because they believed that several of the measures assessed FAA’s compliance with environmental laws rather than being focused on results. However, because FAA’s environmental goal lacked a clear definition of the outcomes the agency was trying to achieve, it was difficult for us to determine whether this set of measures was clearly linked to the goal. Although some of the measures may relate to the goal (e.g., “number of fuel tanks brought into compliance with EPA requirements”), we considered this set of measures somewhat results oriented because many of the measures did not permit assessment of progress toward the agency’s goal. For example, the percent of facilities that have received safety or environmental inspections may bear no relation to whether those facilities are in compliance with OSHA or EPA requirements.

**Views on the Results
Orientation of the
Measures Associated With
the Goal on the FAA
Workplace**

The program performance measures for FAA’s eighth strategic goal—“transform FAA into the model Federal workplace”—were:

- “Conduct an employee attitude survey of FAA employees and register a 70 percent positive response on overall job satisfaction;
- implement national actions to help manage diversity and transform the FAA into a model Federal workplace; and
- through demonstrated actions and accomplishments, the FAA’s workforce demographics will reflect positive trends or increases with regard to workforce representation for minorities, women, and people with disabilities.”

FAA officials characterized this set of measures as somewhat results oriented because it did not provide a “measurable outcome” of what FAA was trying to achieve. We agreed with FAA officials that the set did not provide a measurable outcome. We also believe that the set did not address all aspects of the strategic goal, such as the amount of support for innovation or risk taking within the agency. Perhaps most importantly, though, the set of performance measures and its related strategic goal were not linked to the agency’s mission. Therefore, we considered this set of measures to be results oriented to little or no extent.

Views on the Results Orientation of FAA's Performance Standards for Selected Frontline Regulator Positions

In contrast to strategic goals and program performance measures, the administration's regulatory reinvention initiative, not GPRA, set the expectation for agencies to focus on results when measuring the performance of their frontline regulators. Two of FAA's frontline regulator positions were air traffic control specialists and aviation safety inspectors.¹⁴ Air traffic control specialists are responsible for issuing control instructions and advice to pilots in the vicinity of airports as well as guiding aircraft operations en route along the airways. Aviation safety inspectors administer and enforce regulations concerning the airworthiness of aircraft and aircraft systems and the competence of pilots, mechanics, and other aviation personnel.

FAA used six sets of performance standards for these positions. FAA officials characterized five sets as results oriented to a great extent and one set as somewhat results oriented. They said the standards were linked to outcomes specified in FAA's strategic goals, but that the linkage was through several steps and not always clearly apparent. We characterized only one set of standards as results oriented to a great extent, one set as somewhat results oriented, and four sets as results oriented to little or no extent.

Views on the Results Orientation of Performance Standards for Air Traffic Control Specialists

As of January 1, 1997, the air traffic control specialist position in en route centers and terminals had three job elements and associated sets of performance standards: "operating methods and procedures," "communications," and "training." An FAA official characterized the first two sets of performance standards as results oriented to a great extent because following proper air traffic procedures and effective communication with pilots were essential in providing safe aircraft landings and departures. We agreed with FAA's characterization of the first set of standards because the standards were clearly related to the agency's mission, described the position's purpose (provide for "the safe, orderly and expeditious flow of air traffic"), and provided criteria for evaluating performance ("in accordance with procedures, directives and letters of agreement"). The second set of standards on "communications" required incumbents to be "cooperative, courteous and tactful," use "prescribed phraseology," and listen "effectively," but did not clearly link these standards to the agency's safety goal or state what results would occur as

¹⁴Although the President's March 4, 1995, memorandum on his regulatory reinvention initiative did not define "frontline regulators," we defined them as regulatory staff who work directly with the regulated community by enforcing regulations. We selected these two positions for review from the frontline regulator positions FAA officials identified.

a result of these behaviors. Therefore, we considered this set of standards results oriented to little or no extent.

The "training" standards required employees taking instruction to complete classes "in a timely manner," and said that employees providing instruction should do so "objectively." FAA officials said that this set of standards was somewhat results oriented because training was essential to support the duties of the position. We considered the set of training standards to be results oriented to little or no extent because it was not clearly related to the agency's goals or mission and did not provide a description of the expected results from the training or criteria for evaluating results.

Views on the Results Orientation of the Performance Standards for Aviation Safety Inspectors

As of January 1, 1997, the aviation safety inspector position (for operations/maintenance/avionics with responsibility for general aviation aircraft) had three job elements and associated sets of performance standards: "technical administration," "certification," and "surveillance." FAA officials characterized all three sets of performance standards as results oriented to a great extent. However, we considered the first two sets of standards results oriented to little or no extent because they were not clearly linked to FAA's mission or any of its strategic goals. For example, the technical administration standards required inspectors to conduct investigations "thoroughly" and "in a timely manner," but did not say what mission-related results would follow from those reviews. We considered the set of performance standards for "surveillance" to be somewhat results oriented because it described actions that were more clearly linked to FAA's mission. For example, inspectors were required to identify and communicate safety issues that require special emphasis to the appropriate management levels. However, the set of standards was unclear as to what outcomes incumbents should achieve as a result of those actions.

FAA's Comments and Our Evaluation

We met with FAA officials, including several program managers, on April 29, 1997, to receive their comments. FAA officials generally agreed with the draft report's overall message regarding the barriers regulatory agencies face in focusing on results and particularly noted how difficult it was to determine the unique effect that FAA had on aviation system safety. They indicated that the agency's goals and performance measures had changed since the time of our review. They also said that differences between their and our characterizations of the goals, measures, and standards in use as

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of January 1, 1997, were partially due to the fact that we did not use the same criteria to determine the extent of result orientation. FAA officials also provided some technical corrections, which were included in the final report.

The FAA officials said that FAA had a set of performance goals that connected the agency's fiscal year 1996 strategic goals to its fiscal year 1996 program performance measures. They contended that there was a closer linkage between FAA's program performance measures and its performance goals than existed between the measures and FAA's strategic goals (the subject of our review). They also said that FAA's strategic goals were broad goals for the aviation system as a whole, whereas its performance goals related more specifically to the agency's performance. We reviewed FAA's strategic goals and the program performance measures FAA officials identified that related to these goals. In order to be consistent in reviewing the five regulatory agencies, we reviewed the strategic goals of each of these agencies.¹⁵

FAA officials pointed out that the performance standards for the aviation safety inspector frontline regulator position were written before the President's March 4, 1995, memorandum calling for performance standards to be results oriented. They also believed that individual regulators understood the relationship of their performance standards to FAA's mission. Finally, the FAA officials said they thought it was unrealistic to expect the standards, by themselves, to reflect a results orientation when there were other supporting documents that linked the activities of the regulators to the agency's mission.

The President's memorandum directed the heads of all federal regulatory agencies to change the way they measure the performance of their frontline regulators so as to focus on results, not process and punishment. Therefore, a group of performance standards for a frontline regulator position that does not in some way focus on results would not comply with the memorandum, regardless of when the standards were written. Also, Office of Personnel Management guidance states that goal setting is the first component of effective performance management.¹⁶ According to this guidance, research has shown that specific, hard goals result in higher performance than vague or abstract goals, or no goals at all. Therefore, the

¹⁵The only performance goals included in this report were those of FDA because these goals served as the agency's program performance measures.

¹⁶"Improving Customer Service Through Effective Performance Management," Office of Personnel Management Performance Management Practitioner Series PMD-04, May 1996.

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President's initiative focusing standards on results could improve regulators' performance in obtaining desired results. Although other supporting documents may have linked regulators' performance standards to the agency's mission, we focused solely on agencies' performance standards to ensure a fair and balanced approach across all of the agencies.

FDA's Mission, Strategic and Performance Goals, and Its Performance Evaluation Plan

FDA's mission is to "protect, promote and enhance the health of the American people." FDA seeks to achieve this mission by ensuring that:

- "Foods are safe, wholesome, and sanitary; human and veterinary drugs, biological products, and medical devices are safe and effective; cosmetics are safe; and electronic products that emit radiation are safe;
- regulated products are honestly, accurately, and informatively represented; and
- products are in compliance with the law and FDA regulations; noncompliance is identified and corrected; and any unsafe or unlawful products are removed from the marketplace."

According to the fiscal year 1996 FDA Almanac, the agency supports its mission through the enforcement of 13 major laws enacted throughout the century, from the Food and Drugs Act of 1906 to the Dietary Supplement Health and Education Act of 1994.

We assessed the results orientation of FDA's strategic and performance goals according to the criteria presented in the scope and methodology appendix of this report.¹ Because we characterized the extent to which each strategic goal and related sets of performance goals were results oriented, the application of these criteria represented a higher standard of results orientation than required by GPRA. The Results Act does not require that all of an agency's goals or measures be results oriented.

We applied our criteria to FDA's written strategic and performance goals and did not consider any supplementary or contextual information. In some cases, the agency's goals appeared results oriented on the surface, but closer examination and strict application of our criteria resulted in a lower characterization. We recognize that other information outside of the written statements and outside of our review may have existed that could have resulted in our characterizing certain goals differently.

Both we and FDA officials characterized the extent of results orientation of FDA's strategic and performance goals. We did not assess any employee performance standards because, as of January 1, 1997, FDA was using generic performance standards which varied from employee to employee. Therefore, no group of standards applicable to a frontline regulator position existed. As shown in table III.1, we and FDA officials differed

¹Instead of using performance measures as the means of measuring their progress on the agency's strategic goals, FDA used sets of "performance goals." These "performance goals," as defined by GPRA, are the target level of performance (either output or outcome) expressed as a tangible, measurable objective, against which actual achievement will be compared.

somewhat in how we characterized the results orientation of FDA's strategic and performance goals. Generally, we thought that FDA's goals were less results oriented than the FDA officials did. However, we agreed with FDA officials that most of their performance goals were somewhat results oriented.

Table III.1: Differences Between Our and FDA Officials' Characterizations

	Total	Number that FDA officials considered results oriented to			Number we considered results oriented to		
		A great extent	Some extent	Little or no extent	A great extent	Some extent	Little or no extent
Strategic goals	3	3	0	0	0	3	0
Performance goals ^a	9	2	7	0	0	5	4

^aFDA had nine sets of performance goals that it used to assess progress toward its three strategic goals, with different sets of measures for different FDA programs. These performance goals contained the program performance measure in the goal statement. In addition, performance standards were not included because, as of January 1, 1997, the agency was using performance standards that were customized for individual employees.

Source: Agency and GAO analysis.

Views on the Results Orientation of FDA's Strategic Goals

As of January 1, 1997, FDA had three strategic goals:

1. Pre-market: "Make timely and cost effective pre-market review decisions while assuring product safety and efficacy;"
2. Post-market: "Strengthen assurance that products on the market or about to enter the market are safe;" and
3. Capacity: "Strengthen the nation's capacity to manage health risks associated with FDA-regulated products."

Although FDA characterized all three strategic goals as results oriented to a great extent, we viewed all three goals as somewhat results oriented.

FDA officials said that the agency's first strategic goal regarding pre-market review decisions was results oriented to a great extent. By establishing a review process, they said that FDA can ensure the safety of FDA-regulated products and, therefore, promote and protect the health of the American public. Although we agreed that "assuring product safety and efficacy" is related to the agency's mission to promote and protect public health, we

considered the goal to be somewhat results oriented because it did not establish a clear definition of the results expected through its pre-market review decisions (e.g., what a “timely” or “cost effective” decision was) and, therefore, did not permit assessment of the agency’s progress toward achieving these results.² Also, the major emphasis in the goal is on making timely and cost-effective decisions, which is not part of the agency’s stated mission.³

FDA officials said the agency’s second strategic goal regarding the safety of products on the market or about to enter the market was greatly results oriented because the agency’s inspection process provided a safeguard to prevent the distribution of potentially harmful food, drugs, and other FDA-regulated products. They also said that by preventing the distribution of these harmful products, FDA protected the health of the American public. We again characterized this goal as somewhat results oriented because it did not provide a clear definition of its intended results or permit assessment of the agency’s progress toward achieving the results. For example, the goal did not identify how or the extent to which FDA expects to “strengthen assurance” that products are safe, or even whose “assurance” would be strengthened.

Finally, FDA officials said the agency’s third strategic goal—to “strengthen the Nation’s capacity to manage health risks associated with FDA-regulated products”—was results oriented to a great extent because it referred to the agency’s internal processes to maintain the science capacity of its staff. Through its science capacity, FDA officials said the agency can be assured that it has valid and reliable science to support its review processes and inspections—the activities by which FDA protects and promotes the public’s health. However, we characterized this goal as somewhat results oriented because, although it was tenuously linked to FDA’s mission, it was unclear whose “capacity” would be strengthened, what “capacity” means, or what “manage health risks” means. If, as FDA officials said, the agency’s capacity was to be strengthened through performance of this goal, it was unclear how and the degree to which FDA would strengthen its capacity or the effect that strengthening would have on the nation’s or the agency’s ability to manage health risks.

²In October 1992, Congress passed the Prescription Drug User Fee Act (PDUFA) to provide FDA with additional resources to expedite the review of human drug applications. PDUFA incorporated by reference specific goals and time frames for FDA to review and act on drug applications set forth in letters from the FDA Commissioner to the Chairmen of the House Committee on Energy and Commerce and the Senate Committee on Labor and Human Resources. However, FDA did not link its strategic goal with these time frames or any other criteria defining what would be considered timely.

³PDUFA did not make any specific alterations to FDA’s mission.

Views on the Results Orientation of FDA's Performance Goals

As of January 1, 1997, FDA was using nine sets of performance goals for its three strategic goals. As table III.2 shows, different sets of performance goals were used not only for the different goals but also for many of the different FDA programs. Post-market performance goals were not applicable to two of the agency's programs. However, the set of performance goals for the capacity strategic goal was applicable to all of the agency's programs except for toxicological research. FDA officials characterized two of these sets of performance goals as results oriented to a great extent and seven sets as somewhat results oriented. However, we considered five sets of FDA's performance goals as somewhat results oriented and four sets as results oriented to little or no extent.

Figure III.1: Sets of FDA Performance Goals Varied by Strategic Goal and FDA Program

	Strategic goals		
	Pre-market	Post-market	Capacity
All FDA programs ^a	na	na	●
Biologics and drugs	●	na	na
Food safety and applied nutrition	●	●	na
Devices and radiological health	●	●	na
Veterinary medicine	●	●	na
Toxicological research	●	na	na

Note 1: The use of "na" indicates that no performance goals were established specifically for that FDA program.
 Note 2: A ● indicates that FDA established a set of performance goals applicable to the strategic goal and that FDA program or programs.

^aIncludes all FDA programs except for toxicological research.

Views on the Results Orientation of the Sets of Performance Goals for the Pre-Market Strategic Goal

FDA officials characterized four sets of performance goals related to the agency's pre-market strategic goal as somewhat results oriented and one set as results oriented to a great extent. We considered all five sets of performance goals as somewhat results oriented.

FDA officials characterized three sets of pre-market performance goals (biologics/drugs, food safety and nutrition, and devices and radiological health) as somewhat results oriented. The officials classified these sets of performance goals as such because, although the sets measured the

number or percentage of applications FDA completed within a certain period of time, these sets did not include measures for the length of time needed to approve an application. For example, the performance goals related to biologics and drugs were:

- “Review 90 percent of complete product licensing agreements (PLA), establishment licensing agreements (ELA), and new drug approvals (NDA) for priority applications within 6 months after the submission date;
- review 90 percent of complete PLAS, ELAS, and NDAS for standard applications, within 12 months after the submission date;
- review 90 percent of priority supplements to complete PLAS, ELAS, and NDAS within 6 months after the submission date;
- review 90 percent of standard supplements to complete PLAS, ELAS, and NDAS that require review of clinical data (efficacy supplements) within 12 months after the submission date;
- review 90 percent of standard supplements to PLAS, ELAS, and NDAS that do not require review of clinical data (efficacy supplements) within 6 months after the submission date;
- review 90 percent of complete PLA, ELA, and NDA applications resubmitted following receipt of a non-approvable letter, within 6 months after the resubmission date; and
- review and act upon 55 percent of fileable generic drug applications received during Fiscal Year 1997 within 6 months after submission.”

According to an FDA official, completed applications include those approved by FDA or those requiring additional information from the applicant.⁴ When FDA requests additional information, the applicant may respond to FDA's request or withdraw the application from consideration. The FDA official said that because applicants are never denied the opportunity to return to the application process, FDA rarely issues a final negative response to applications. However, some FDA programs do have a “refuse to file” policy that prevents some incomplete applications from entering FDA's review process.

An FDA official said that if the performance goals had measured the timeliness of approvals they would be more results oriented because timeliness would translate into new products being made available for public use, potentially improving the health of the American public. We also considered these sets of performance goals somewhat results

⁴FDA notifies applicants as to the disposition of their application by using one of three “action letters.” Applicants may receive either an “approved letter,” an “approvable letter” (an approval of the application noting minor deficiencies that could be corrected by the applicant), or a “not approvable letter” (which provides the applicant the option to resubmit a modified application).

oriented because they did not cover all aspects of the strategic goal. None of the goals addressed the cost-effectiveness of these reviews or whether product safety and efficacy were being assured.

FDA officials said the set of performance goals for veterinary medicine was results oriented to a great extent because, unlike the first three sets of performance goals, it measured the length of time to approve an application.⁵ For example, one performance goal was to “reduce the average number of months required for approval of a new animal drug from 41 months in fiscal year 1996 to 40 months in fiscal year 1997.” FDA officials said that approving applications for animal drugs and feeds assisted in maintaining the health of livestock and limited the spread of contaminated foods, and therefore protected public health. However, we considered this set of performance goals somewhat results oriented because, like the previous sets of goals, it did not address all aspects of the strategic goal. None of the performance goals measured the cost-effectiveness of the reviews or whether product safety and efficacy were being assured.

FDA had three performance goals relating to toxicological research:

1. “Complete the inlife portions of the mechanistic and tumor studies on fumonisin and chloral hydrate, which will provide information on specific agent toxicity and a new methodology for future assessments;
2. develop and evaluate a prototype predictive screening process to streamline the review of new compounds and to more accurately predict human risk; and
3. construct a prototype ‘knowledge base’ (expert systems to evaluate and predict risk associated with toxicity by estrogenic compounds) for selected reviewer evaluation.”

FDA officials characterized this set of goals as somewhat results oriented because it focused on the development of a good “knowledge base,” which they said enabled FDA to make valid and reliable decisions during the approval process.

We agreed that developing a knowledge base is important for FDA’s review process and that the measures were generally related to the strategic goal

⁵Similar to other FDA programs, completed applications for veterinary medicine could be either approved by FDA or a request could be made to the applicant for additional information.

of making “timely and cost-effective pre-market decisions.” However, the set of goals focused on developing processes (i.e., developing “a new methodology for future assessments,” “a prototype predictive screening process,” or “prototype ‘knowledge base’”) did not provide a clear means to assess progress toward achieving the pre-market strategic goal. In addition, the set of goals did not address the elements of timeliness or cost-effectiveness of the review process, and did not assess whether product safety or efficacy were being assured. Therefore, we considered this set of performance goals to be somewhat results oriented.

Views on the Results Orientation of the Sets of Post-Market Performance Goals

FDA had three sets of performance goals for its post-market strategic goal to “strengthen assurance that products on the market or about to enter the market are safe.” FDA officials characterized one set of performance goals as results oriented to a great extent and the remaining two sets as somewhat results oriented. We considered all three sets of performance goals to be results oriented to little or no extent.

The first set of post-market performance goals, related to food safety and nutrition, were:

- “By December 31, 1996, develop a training program on how to conduct Hazard Assessment Critical Control Points (HACCP) inspections;
- by April 1, 1997, develop a model Federal/State partnership agreement for seafood HACCP to implement HACCP-based inspections of seafood processors by the states;
- by May 31, 1997, provide training to FDA inspectors who will conduct verification inspections, and appropriate headquarters staff of core HACCP curriculum;
- by June 30, 1997, revise the FDA Inspection Operations Manual for HACCP-based inspections of seafood processors;
- by June 30, 1997, revise compliance program criteria for HACCP-based inspections of seafood processors;
- by September 30, 1997, determine utility of establishing a reference/baseline of industry preventive controls based on an assessment of past data;
- by September 30, 1997, establish a Seafood HACCP database to record inspection results and facilitate evaluation of the system; and
- increase Threshold of Regulation Policy Actions Completed from 50 in 1996 to 55 in 1997.”

FDA officials characterized the set of performance goals related to food safety and nutrition as results oriented to some extent. They said that the HACCP inspections indicated a new strategic direction for FDA by emphasizing the detection and prevention of microbiological contamination of food products and extending the responsibility for food safety to the food processing industry. An FDA official said that this set of performance goals illustrated how FDA was implementing HACCP (e.g., developing partnership agreements, training inspectors, and revising an inspection manual and compliance program criteria). However, we characterized this set of performance goals as results oriented to little or no extent because none of the goals clearly related to or measured the strategic goal or the agency's mission. It was not clear to us that any of the actions contained in these measures (e.g., develop a training program, revise a manual, or establish a database) would, by themselves, strengthen assurance that products are safe.

The second set of post-market performance goals, related to devices and radiological health, were:

- “Process 95 percent of the medical device reports received, and maintain a zero backlog;⁶
- process 5,400 reports under the MedWatch Voluntary Reporting Program;⁷
- train and certify approximately 250 State and Federal inspectors to conduct annual and follow-up inspections at the approximately 10,000 U.S. mammography facilities;
- conduct 10,000 annual and 200 follow-up inspections of U.S. mammography facilities under the Mammography Quality Standards Act (MQSA); and
- conduct 3,000 U.S. mammography facility recertifications under MQSA.”

FDA officials characterized this set of performance goals as greatly results oriented because three of the goals related to the MQSA, which authorized FDA to accredit and inspect mammography facilities. An FDA official said that FDA enhances the performance of equipment and radiologists through

⁶Under the 1976 Medical Device Amendments to the Federal Food, Drug, and Cosmetic Act, manufacturers of medical devices are required to report to FDA—and maintain records on—device-related deaths, serious injuries, and malfunctions that, should they recur, would be likely to result in death or serious injury.

⁷The MedWatch Voluntary Reporting Program (MedWatch) was established by FDA to encourage health professionals to report problems associated with medical devices to FDA. MedWatch and medical device reports are intended to gather information to enable FDA and the medical device industry to take corrective action on device problems and, when appropriate, to alert the public to potentially hazardous devices.

its MQSA program, thereby producing improved patient care through a better screening process and diagnosis.

However, we characterized this set of performance goals as results oriented to little or no extent because it did not clearly relate to or provide relevant information for assessing progress toward the strategic goal of strengthening assurance that products are safe. For example, the fourth goal only measured the number of MQSA inspections conducted and did not measure how many facilities were in compliance with mammography standards or assess the impact or effect of these inspections.⁸ Similarly, the performance goals regarding medical device reports and the MedWatch Voluntary Reporting Program only measured the processing of reports, and did not gauge FDA's impact on the safety of medical devices.⁹

The third set of post-market performance goals, related to veterinary medicine, were (1) "conduct 700 establishment inspections" and (2) "conduct, by States under FDA contract, 550 feed mill inspections." FDA officials said they considered this set of goals somewhat results oriented because inspections can improve the quality of animal drugs and feeds on the market. However, similar to the performance goals on MQSA inspections, this set did not measure how many establishments or feed mills were in compliance with FDA regulations. As such we considered this set of performance goals as results oriented to little or no extent because it did not clearly relate to or provide relevant information for assessing progress toward the strategic goal of strengthening assurance that products are safe.

Views on the Results Orientation of the Set of Capacity Performance Goals

FDA had three performance goals related to its strategic goal of strengthening the nation's capacity to manage health risks:

1. "Complete design on improved version of full Operational and Administrative System for Import Support;

⁸In our report entitled *FDA's Mammography Inspections: While Some Problems Need Attention, Facility Compliance Is Growing* (GAO/HEHS-97-25, Jan. 27, 1997), we found that although "FDA has made progress in bringing facilities into compliance with mammography standards, it lacks procedures to enforce timely correction of all deficiencies found during inspections."

⁹In our report entitled *Medical Device Reporting: Improvements Needed in FDA's System for Monitoring Problems With Approved Devices* (GAO/HEHS-97-21, Jan. 29, 1997), we found that FDA had not "routinely documented the final corrective actions taken by manufacturers and FDA to resolve the problems identified in these reports." The report concluded that "without adequate documentation, FDA has little assurance that the many reports received are, in fact, useful and result in better protection of the public health."

2. allow for a range of between 62 percent and 65 percent automated 'may proceeds' on a monthly basis; and

3. maintain a foreign inspection program with a planned total of 1,020 foreign inspections in fiscal year 1997.”

FDA officials characterized this set of performance goals as somewhat results oriented because they were all output measures of FDA's internal processes. An FDA official said that the first goal was a process improvement goal to automate FDA's system of handling imported foods and other products. The second goal measured the percentage of "may proceed" decisions being automated as part of FDA's import entry clearance process, indicating a more efficient process. The third goal referred to the number of inspections FDA expected to complete of foreign manufacturers of drugs and devices, which FDA officials said was another example of how FDA protects public health. However, we characterized this set of performance goals as results oriented to little or no extent because the actions contained in these goals (designing systems, automating processes, or maintaining an inspection program) were not clearly and unambiguously related to FDA's mission of promoting and protecting the health of the American people. Also, the set did not provide relevant information to assess progress toward that mission, such as the number of foreign establishments in compliance with FDA regulations.

FDA Replaced Performance Standards With a Customized Performance Evaluation Plan

On September 1, 1996, FDA adopted a new employee performance evaluation program that replaced most of FDA's employee performance standards.¹⁰ FDA officials said that the new program includes a "performance evaluation plan" (PEP)—an evaluation form that lists five generic job elements on "individual work management," "technical competency," "teamwork," "innovation," and "customer service." PEP also contains blank spaces for supervisors to write in new job elements tailored to the employee's position. FDA documentation stated that each employee and his or her supervisor should discuss the employee's official duties and responsibilities and use PEP's checklist format to customize a set of performance standards for the employee. PEP requires that nonsupervisors be evaluated on at least one job element, but supervisors have the final decision on the content of the PEP form.

¹⁰FDA officials said that the majority of FDA staff were under the new performance evaluation system with the exception of some union employees remaining under the prior system.

FDA officials said that most of the positions they considered "frontline regulators" were using PEP as of January 1, 1997, and, therefore had unique sets of performance standards. As a result, we did not include any performance standards for FDA in our review because FDA officials told us that the performance standards for any of their frontline regulator positions would vary from employee to employee.

FDA's Comments and Our Evaluation

We met with FDA officials, including the Director for Planning and Management Communications Staff, on April 22, 1997. FDA officials said they generally agreed with the report's overall message regarding the difficulties that regulatory agencies have experienced in becoming results oriented. They also said that they would have reached conclusions similar to ours regarding the results orientation of their strategic and performance goals had they used the same criteria we used. The FDA officials also provided several technical corrections, which were included in the final report.

FDA officials said that (1) the progress made by FDA's field offices was not reflected in the report's focus on FDA's agencywide goals; (2) the performance goals FDA is developing for the fiscal year 1999 budget cycle will be more results oriented than the January 1, 1997, goals assessed in this report; and (3) many of the interim goals that FDA had (e.g., developing a training program for conducting HACCP verification inspections), while not results oriented themselves, would ultimately achieve outcome-oriented results.¹¹

We agree that focusing on agencywide goals did not capture information on progress made in field office pilot programs. In the draft report, we recognized that the goals, measures, and some of the standards were changing at the time of our review. FDA's efforts to establish results-oriented systems, such as HACCPs, may allow FDA to achieve outcome-oriented results in the future. However, our objective was to describe the agency's degree of results orientation as of January 1, 1997.

¹¹The HACCP system is designed to identify the critical points in food processing and establish controls to prevent adulteration caused by microbiological, chemical, or physical hazards in order to produce safer food products.

IRS' Mission, Strategic Objectives, Key Performance Indicators, and Performance Standards for Selected Frontline Regulator Positions

IRS' mission is to "collect the proper amount of tax revenue at the least cost; serve the public by continually improving the quality of our products and services; and perform in a manner warranting the highest degree of public confidence in our integrity, efficiency, and fairness." IRS also has developed a business vision "to be a state-of-the-art financial services company that eliminates most paper in the quest for quick, efficient customer service. The new IRS will be handling less paper and collecting taxes in new and more efficient ways."

We assessed the results orientation of IRS' strategic objectives, performance indicators, and employee performance standards according to the criteria presented in the scope and methodology appendix of this report.¹ Because we characterized the extent to which each agency goal and set of performance measures was results oriented, the application of these criteria represented a higher standard of results orientation than required by the Results Act. The Act does not require that all of an agency's goals or measures be results oriented. Also, GPRA does not cover employee performance standards. We judged each set of performance standards according to the expectation set by the President in his March 4, 1995, memorandum that these standards should "focus on results, not process and punishment." Similar to the way in which GPRA views agencies' goals and performance measures, we do not believe that each such standard must be results oriented to achieve the President's objective.

We applied our criteria to the agencies' written strategic goals, program performance measures, and employee performance standards and did not consider any supplementary or contextual information. In some cases an agency's goals, measures, and standards appeared results oriented on the surface, but closer examination and strict application of our criteria resulted in a lower characterization. We recognize that other information outside of the written statements and outside of our review may have existed that could have resulted in our characterizing certain goals or sets of measures and standards differently.

Both we and IRS officials characterized the extent of results orientation of IRS' strategic objectives, key performance indicators, and employee performance standards for selected frontline regulator positions. As shown in table IV.1, there were differences in how we and IRS officials viewed the agency's objectives, indicators, and standards. We and IRS officials agreed that IRS' strategic objectives were greatly results oriented.

¹IRS used the term "strategic objective" instead of "strategic goal" and the term "key performance indicators" instead of "program performance measures."

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IRS' Mission, Strategic Objectives, Key
Performance Indicators, and Performance
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There was somewhat more disagreement regarding IRS' performance indicators in that we characterized them as somewhat less results oriented than did the IRS officials. The differences in our characterizations were greatest with regard to the employee performance standards. IRS officials said that most of the standards were greatly results oriented, but we characterized most as somewhat results oriented.

Table IV.1: Differences Between Our and IRS Officials' Characterizations

	Total	Number that IRS officials considered results oriented to			Number we considered results oriented to		
		A great extent	Some extent	Little or no extent	A great extent	Some extent	Little or no extent
Strategic objectives ^a	3	3	0	0	3	0	0
Key performance indicators ^b	3	2	1	0	0	3	0
Performance standards	10	9	1	0	3	7	0

^aIRS used the term "strategic objective" instead of "strategic goal."

^bIRS used the term "key performance indicators" instead of "program performance measures."

Source: Agency and GAO analysis.

Views on the Results Orientation of IRS' Strategic Objectives

As of January 1, 1997, IRS had established three "strategic objectives":

1. Increase compliance: Our objective is to encourage and assist taxpayers to voluntarily file timely and accurate returns and to pay on time, and, if taxpayers do not comply, to take appropriate compliance actions. We do this to ensure we collect the proper amount of tax at the least cost.
2. Improve customer service: Our objective is to reduce the time and expense experienced by taxpayers, tax professionals and others in complying with the tax laws, while increasing their satisfaction with tax administration. We want to ensure that filing materials are readily available, and to reduce the data required to be reported by taxpayers and captured by IRS to only the most critical. We do this to help collect the proper amount of tax at the least cost, serve the public, and increase public confidence in tax administration.
3. Increase productivity: Our objective is to continually improve our operations and the quality of products and services we provide to our customers, through strategic use of reengineering and systems

management tools and the development of a highly skilled work force. We do this to improve compliance, provide improved customer service and reduce the cost of tax administration.”

IRS officials said that these three objectives were results oriented to a great extent because they related directly to IRS' mission. We agreed with that assessment with regard to each of the strategic objectives. IRS' first objective, to increase taxpayer compliance, was clearly related to IRS' mission to collect the proper amount of tax revenue, provided a clear definition of the results expected, and permitted assessment of the agency's programs. Similarly, IRS' second objective, to improve customer service, directly related to IRS' mission to “serve the public,” and IRS' third objective of increasing productivity was also linked to IRS' mission to collect revenue “at the least cost.”

Views on the Results Orientation of IRS' Key Performance Indicators

As of January 1, 1997, IRS was using three sets of servicewide “key performance indicators” for its strategic objectives. IRS officials said that two of the three sets of indicators were results oriented to a great extent, and one was results oriented to some extent. We characterized the three sets of indicators as somewhat results oriented.

Views on the Results Orientation of the Indicators Associated With IRS' Strategic Objective to “Increase Compliance”

The indicators that IRS used to assess progress toward its first strategic objective, to “increase compliance,” were:

- “Total collection percentage”: A ratio of IRS' total collections to the total estimated true tax liability.
- “Total net revenue collected”: All revenue collected by the IRS.
- “Servicewide enforcement revenue collected/protected”: All revenue collected through enforcement actions and all revenue prevented from being released from the Treasury in response to fraud, disallowed claims, and other issues.²
- “Servicewide audit coverage”: The percentage of returns audited divided by the total number of returns filed during the prior calendar year.

IRS officials said that this set of indicators was results oriented to a great extent because they believed that the first three indicators were clear indications of IRS' collection results. However, we characterized this set of indicators as somewhat results oriented because, although the “total collection percentage” was clearly and unambiguously related to the

²According to IRS, enforcement revenue protected and enforcement revenue collected will be expressed as separate indicators in fiscal year 1998.

strategic objective of increasing compliance, the set did not address all aspects of the strategic objective.³ For example, the set did not contain indicators for IRS efforts to encourage and assist taxpayers in filing accurate and timely returns.

We did not view the remaining indicators in this set as clearly linked to the strategic objective to “increase compliance.” The second indicator, “total net revenue collected,” is already contained in the ratio of the “total collection percentage” and is ambiguous in its relation to the strategic objective. An increase or decrease in revenue collected may simply reflect a change in economic activity or tax laws rather than any change in the level of taxpayer compliance. Similarly, the amount collected/protected through enforcement actions and the percentage of returns audited may not provide a valid indication of the level of taxpayer compliance. For example, enforcement revenues collected could increase while voluntary revenues decreased, resulting in no change (or even a decrease) in the overall level of taxpayer compliance.

**Views on the Results
Orientation of the
Indicators Associated With
IRS' Strategic Objective to
“Improve Customer
Service”**

IRS used two indicators to assess the agency's progress toward its second strategic objective, to “improve customer service”:

1. “Taxpayer burden cost (in dollars) for IRS to collect \$100”: A ratio that measured taxpayers' paperwork burden costs compared to the cost for IRS to collect \$100 in net tax revenue.⁴
2. “Initial contact resolution rate”: The rate at which taxpayer issues were resolved during the first contact with IRS.⁵

IRS officials characterized this set of indicators as results oriented to some extent, and said they were working to improve IRS' customer service measures. We also characterized the set of indices as somewhat results oriented because the indicators did not address all aspects of the customer

³Although the “total collection percentage” information is relevant, it may not be accurate. Our reports have shown that IRS' estimate of the true tax liability lacks statistical precision at the national level. Without such an estimate, IRS will not be able to accurately determine the “total collection percentage” nor judge its progress toward increasing compliance. See Taxpayer Compliance: Analyzing the Nature of the Income Tax Gap (GAO/T-GGD-97-35, Jan. 9, 1997).

⁴Paperwork burden costs were based on the estimated time individual and business taxpayers spend keeping tax records, learning about tax laws, preparing tax forms, and sending tax forms to the IRS. Taxpayer paperwork burden was converted from time to dollars by multiplying total time by \$20 per hour.

⁵As of January 1, 1997, IRS was revising the definition of this rate.

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service objective.⁶ For example, IRS did not measure “public confidence in tax administration” even though the agency regularly conducts customer service surveys. IRS also did not include any indicators of how they would “ensure that filing materials are readily available.”

**Views on the Results
Orientation of Indicators
Associated With IRS'
Strategic Objective to
“Increase Productivity”**

IRS' indicators for the strategic objective to “increase productivity” were:

- “Budget cost to collect \$100 in revenue.”
- “Percent of returns filed electronically”: The number of electronically filed tax returns, divided by the total returns filed.
- “Percent of dollars received electronically.”⁷
- “Percent of dollars received via third party processors”: The dollar amount of federal tax deposits (FTD) processed by commercial banks under contract to the Financial Management Service as a percentage of the total FTD dollars received (paper and electronic).

IRS officials said that this set of indicators was results oriented to a great extent mainly because the first indicator provided an overall indicator of how efficiently IRS collects revenues. However, we characterized the set as somewhat results oriented because, although the indicator “budget cost to collect \$100 in revenue” is a good overall productivity measure, the set of indicators did not address all aspects of the objective. For example, none of the indicators measured the “quality of the products and services” IRS provides.

⁶The paperwork burden data upon which the first indicator is based, although relevant to assessing progress toward the strategic objective, is generally considered to be inaccurately measured. Our reviews of tax compliance burden have shown that a reliable estimate of the overall costs of tax compliance is not currently available, and would be costly and burdensome to obtain. See Tax System: Issues in Tax Compliance Burden (GAO/T-GGD-96-100, Apr. 3, 1996); Tax System Burden: Tax Compliance Burden Faced by Business Taxpayers (GAO/T-GGD-95-42, Dec. 9, 1994); and Tax Administration: Opportunities to Reduce the Burden of Filing and Processing Tax Returns (GAO/T-GGD-92-41, May 13, 1992).

⁷As of January 1, 1997, IRS was revising this indicator.

Views on the Results Orientation of IRS' Performance Standards for Selected Frontline Regulator Positions

In contrast to strategic objectives and performance indicators, the administration's regulatory reinvention initiative, not GPRA, set the expectation for agencies to focus on results when measuring the performance of their frontline regulators. IRS identified two frontline regulator positions for this review: customer service representatives (CSR) and revenue officers.⁸ Employees in the CSR position work as technicians in a district office or service center to provide information and direction on tax issues to the public. Revenue officers collect delinquent taxes and secure delinquent returns. Revenue officers' work requires application of a knowledge of (a) general or specialized business practices; (b) pertinent tax laws, regulations, procedures, and precedents; (c) judicial processes, laws of evidence, and the interrelationship between federal and state laws with respect to collection and assessment processes; and (d) investigative techniques and methods.

As of January 1, 1997, the CSR and revenue officer positions had a total of 12 job elements and we and IRS officials reviewed 10 of the 12 sets of associated performance standards.⁹ IRS officials characterized nine of the sets of standards as results oriented to a great extent and one set as somewhat results oriented. We considered three of the sets of standards to be greatly results oriented and the remaining seven sets as somewhat results oriented.

Views on the Results Orientation of IRS' Customer Service Representatives' Performance Standards

We and IRS officials reviewed the sets of performance standards related to five job elements for the customer service representative position:

1. Customer relations: Achieves quality customer service by communicating professionally with internal and external customers in all oral and written contacts.
2. Workload management: Plans and utilizes time based on priorities in accordance with Service policy and managerial direction. Arranges activities to minimize unproductive time and unnecessary delays in servicing the customer.

⁸Although the President's March 4, 1995, memorandum on his regulatory reinvention initiative did not define "frontline regulators," we defined them as regulatory staff who work directly with the regulated community by enforcing regulations.

⁹We did not review the sets of standards for the CSR or revenue officer positions' job elements for "other duties and assignments" because they were not specific and, although they may have related to results in specific instances, reviewing these standards would not have provided any consistent perspective on the extent to which these standards focused on results.

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3. Procedures and notices: Applies procedural instructions issued by National, Regional, District and local offices to maximize the efficient flow of work in meeting program objectives. Correctly interprets notices to resolve inquiries appropriately.

4. Integrated Data Retrieval System (IDRS) inquiries and on-line resolution: Resolves notice inquiries, refund and other account related issues through accessing IDRS. Researches and analyzes or performs on-line adjustment to accounts by utilizing appropriate reference materials.

5. Tax law: Encourages voluntary compliance and improves the public's confidence in the Service by correctly interpreting and applying tax laws, researching technical reference materials, and analyzing and evaluating the customer's needs; informs customer of options and consequences as they relate to tax obligations.”

The performance standards for each element described what the CSRs were expected to do for that element. For example, the performance standards for the “tax law” job element were:

- Interpretation and application: Generally interprets and applies tax laws appropriately resulting in technically correct responses to customer inquiries.
- Analysis and evaluation: Generally evaluates and analyzes the customer's circumstances and advises of tax computation and other benefits, i.e., Earned Income Credit, Child Care Credit, estimated tax payments, reasonable cause, etc.
- Research: Generally researches in appropriate and mandatory reference materials such as the Probe and Response Guide, IRS Publications, Tax Services, Internal Revenue Code (IRC), etc., to provide correct and complete response; generally does not seek assistance from others even on complex and non-routine issues. Increases customer confidence by citing specific references and offering tax publications.”

IRS officials characterized all five sets of performance standards as results oriented to a great extent because they said each set was related to IRS' strategic objectives and/or its mission. We agreed with IRS officials' assessment for the sets of standards for the “workload management” and “tax law” job elements. For example, the set of standards related to the “tax law” job element included the expectation that CSRs would provide “technically correct responses to customer inquiries” and “increase customer confidence by citing specific references and offering tax

publications.” Therefore, these standards appeared directly related to IRS’ mission of encouraging voluntary compliance and warranting public confidence in the agency, described the results expected, and established criteria to evaluate performance. However, we characterized the remaining three sets of performance standards as somewhat results oriented, because they did not clearly describe the results CSRS were expected to work toward and/or did not establish criteria for evaluating performance directly associated with an expected result. For example, the set of standards for the “IDRS inquiries and on-line resolution” job element called for CSRS to “perform adjustments correctly” and “recognize when related account data is pertinent and handle appropriately,” but these actions were not clearly linked to an expected result.

**Views on the Results
Orientation of the
Performance Standards for
IRS' Revenue Officer
Position**

We and IRS officials reviewed the sets of employee performance standards related to five job elements for the revenue officer position: “investigation and analysis,” “case decisions,” “time and workload management,” “customer relations,” and “accounts maintenance.” The standards described the types of actions revenue officers were expected to take for that element. For example, the performance standards for the “case decisions” job element were:

- **Collectibility:** Based on the available facts, determines the proper case direction. Decisions to pursue full payment, immediate or deferred, or suspend collection activity are based on full consideration of the overall benefit to the government and taxpayers’ rights.
- **Collection tools:** Based on case history, determines when levy, seizure, or summons action is appropriate. Considers other collection tools such as transferee, alter-ego, nominee, and Offer-in-Compromise. May need occasional assistance making final decision on use of transferee, alter-ego, etc.
- **Protection of the government’s interest:** Based on case history, determines when actions are necessary to protect the government’s interest, including collection and assessment statutes. Decides on the proper action to take, including but not limited to filing and/or refile liens, recommending suits, 100 percent penalty, prompts, quick, and IRC 6020(b) assessments, fraud, or other appropriate referrals and waivers.”

IRS officials characterized four of the sets of performance standards as results oriented to a great extent, and said the set of standards related to “customer relations” was somewhat results oriented. The officials said that all five of the sets of standards were primarily process measures, but said

the standards were related to IRS' goals. For example, they said that the standards for the "investigation and analysis" job element allow IRS to collect the proper amount of tax and increase productivity. In addition, the IRS officials pointed out that the Technical and Miscellaneous Revenue Act of 1988 prohibits the IRS from evaluating employees on the basis of tax enforcement results. Section 6231 of this act states that IRS cannot use records of tax enforcement results to evaluate employees directly involved in collection activities and cannot impose production quotas or goals on individual employees. We characterized one set of performance standards as results oriented to a great extent and the remaining four sets as somewhat results oriented.

We agreed with IRS that the standards for the "case decisions" job element were greatly results oriented because they were directly related to IRS' mission to collect the proper amount of tax, clearly described the results the revenue officers were expected to work toward, and established criteria for evaluating the officers' performance directly associated with the desired results. For example, the standards stated that "decisions to pursue full payment, immediate or deferred, or suspend collection activity are based on full consideration of the overall benefit to the government and taxpayers' rights." We characterized the remaining four sets of performance standards as somewhat results oriented because they were indirectly linked with IRS' mission or one of its three strategic objectives, but did not clearly specify the results revenue officers were expected to work toward or establish criteria for evaluating performance in relation to those results. For example, the set of standards for the "time and workload management" job element were unclear about the results expected and did not establish criteria for evaluating performance in relation to those results. Revenue officers were to take "timely" initial, follow-up, and closing actions, but the standards did not define what "timely" meant nor how it was related to results.

IRS' Comments and Our Evaluation

We met with IRS officials, including the National Director of the Strategic Planning Division, on April 29, 1997. IRS also provided a comment letter, which is reprinted in appendix VII. Generally, the IRS officials said they were pleased that we characterized IRS' goals and measures as results oriented.

In both the meeting and in written comments, IRS officials said that we did not give the agency sufficient credit for doing a major overhaul of its measures. However, one of the objectives of our review was to describe

**Appendix IV
IRS' Mission, Strategic Objectives, Key
Performance Indicators, and Performance
Standards for Selected Frontline Regulator
Positions**

each agency's performance measures as of January 1, 1997, not to describe the specific efforts each agency had taken in developing these measures. Furthermore, any efforts IRS had made to overhaul its measures prior to January 1, 1997, should have been reflected in the measures we reviewed.

IRS' written comments also state that IRS was concerned that we created our own set of criteria in lieu of using GPRA criteria to evaluate the agencies' goals and program performance measures. Other than the fact that GPRA does not require all of an agency's goals or program performance measures to be results oriented, which we emphasize throughout the report, we do not believe that our criteria differ substantially from GPRA requirements. For example, the report of the Senate Committee on Governmental Affairs on GPRA states that strategic or general goals should elaborate on the mission statement, should constitute a specific set of objectives for the agency's programs and operations, and must be expressed in a manner that allows a future assessment of whether the goal is being achieved.¹⁰ This is very similar to our criteria that greatly results-oriented strategic goals (1) were linked closely to the agency's mission, (2) provided a clear definition of what results were expected, and (3) permitted assessment of progress in achieving these results.

IRS officials also did not believe that the draft report placed enough emphasis on the fact that the Technical and Miscellaneous Revenue Act of 1988 prohibits IRS from evaluating employees on the basis of tax enforcement results. We agree that the Technical and Miscellaneous Revenue Act of 1988 prohibits IRS from evaluating employees on the basis of tax enforcement results and included this information in this appendix.

¹⁰Senate Report No. 103-58, June 16, 1993, page 24.

EPA's Mission, Strategic Goals, and Performance Standards for Selected Frontline Regulator Positions

EPA's mission is "to protect public health and to safeguard and improve the natural environment—air, water, and land—upon which human life depends." In doing so, EPA ensures that:

- "Federal environmental laws are implemented and enforced fairly, effectively, and cost effectively;
- environmental protection is an integral consideration in U.S. policies concerning economic growth, energy, transportation, agriculture, industry, international trade, and natural resources;
- national efforts to reduce environmental risk are based on the best available scientific information; and
- all parts of society—business, state and local governments, communities, citizens—have full access to information so that they can become full participants in preventing pollution and protecting human health and the environment."

We assessed the results orientation of EPA's strategic goals and employee performance standards according to the criteria presented in the scope and methodology appendix of this report. Because we characterized the extent to which each agency goal was results oriented, the application of these criteria represented a higher standard of results orientation than required by the Results Act. The Act does not require that all of an agency's goals be results oriented. Also, GPRA does not cover employee performance standards. We judged each set of performance standards according to the expectation set by the President in his March 4, 1995, memorandum that these standards should "focus on results, not process and punishment." Similar to the way in which GPRA views agencies' goals and performance measures, we do not believe that each such standard must be results oriented to achieve the President's objective.

We applied our criteria to the agencies' written strategic goals and employee performance standards and did not consider any supplementary or contextual information. In some cases an agency's goals and standards appeared results oriented on the surface, but closer examination and strict application of our criteria resulted in a lower characterization. We recognize that other information outside of the written statements and outside of our review may have existed that could have resulted in our characterizing certain goals or sets of standards differently.

Both we and EPA officials characterized the extent of results orientation of EPA's strategic goals and employee performance standards for selected frontline regulator positions. As shown in table V.1, there were differences

**Appendix V
EPA's Mission, Strategic Goals, and
Performance Standards for Selected
Frontline Regulator Positions**

in how we and EPA officials viewed the goals and performance standards. Generally, we agreed that most of EPA's strategic goals were greatly results oriented. However, we sharply disagreed regarding the extent to which the performance standards were results oriented. EPA officials characterized most of the 11 sets of performance standards as greatly results oriented, but we characterized most of them as results oriented to little or no extent.

Table V.1: Differences Between Our and EPA Officials' Characterizations

	Total	Number that EPA officials considered results oriented to			Number we considered results oriented to		
		A great extent	Some extent	Little or no extent	A great extent	Some extent	Little or no extent
Strategic goals ^a	10	10	0	0	8	1	1
Performance standards	11	9	2	0	1	2	8

^aEPA did not have program performance measures as of January 1, 1997.

Source: Agency and GAO analysis.

Views on the Results Orientation of EPA's Strategic Goals

As of January 1, 1997, EPA had 10 strategic goals, which were:

1. **Clean air:** Every American city and community will be free of air pollutants at levels that cause cancer or respiratory and other health problems. The air will be clearer in many areas and life in damaged forests and polluted waters will rebound as acid rain is reduced.
2. **Clean and safe water:** America's rivers, lakes and coastal waters will support healthy communities of fish, plants and other aquatic life and will support uses such as fishing and swimming. Wetlands will be protected and rehabilitated to provide wildlife habitat, reduce floods and improve water quality. Ground waters will be uncontaminated and every American public water system will provide water that is safe to drink all the time.
3. **Safe food:** All foods Americans produce or consume will continue to be safe for all people to eat.
4. **Toxic free communities and workplaces:** By relying on pollution prevention in the way we produce, consume, reuse and recycle materials, all Americans will live and work in safe and healthy communities.

5. Safe waste management: Wastes produced by every person and business in America will be stored, treated and disposed of in ways that prevent harm to people and other living things. Places in America currently contaminated by hazardous or radioactive materials will not endanger public health nor the natural environment and will be restored to uses desired by surrounding communities.

6. Reducing global and transboundary environmental risks: The United States and other nations will eliminate significant risks to human health and ecosystems arising from climate change, stratospheric ozone depletion and other environmental problems of global concern.

7. Empowering people with information and education and expanding their right to know: Information on the state of the environment will be user-friendly and widely accessible, increasing opportunities for Americans to learn about the environment and natural resources and fostering environmental stewardship through information exchange within and among communities and across economic sectors.

8. Develop tools for the future: EPA will develop innovative tools and approaches that will permit environmental protection programs to transcend the simple additivity of individual media-based programs and move the Agency towards truly integrated and continually improving environmental protection programs. The EPA will enhance its science and research program in order to better anticipate environmental issues coming over the horizon and to find early solutions.

9. Provide a credible deterrent: The EPA will continue to implement programs and monitor compliance to ensure that environmental gains that have been achieved are not lost.

10. Effective management: EPA will establish a management infrastructure that will set and implement the highest quality standards for effective internal management and fiscal responsibility.”

EPA officials characterized each of these goals as results oriented to a great extent because the goals described the results the agency was trying to achieve. For example, EPA officials said that the goal regarding “clean and safe water” was greatly results oriented because it addressed the environmental result of improving or maintaining water quality so that aquatic communities will be healthy, human uses will be supported, drinking water will be safe, and ground water will be uncontaminated. EPA

officials said that the goal to “provide a credible deterrent” was greatly results focused in two ways. First, they said that the enforcement program targets industries and facilities for attention based in part on the expected degree of environmental benefit and risk reduction. Second, they cited the deterrent effect of ensuring that the regulated community perceives that compliance will be strongly pursued by EPA, so that overall environmental results are enhanced due to voluntary compliance. Finally, EPA officials said that the goal for “effective management” was greatly results oriented because it complied with GPRA’s requirement to measure performance in all areas, and that the results of the management area were primarily outputs focused on customer service.

We agreed with EPA officials that 8 of the 10 goals were results oriented to a great extent. In addition to the reasons cited by EPA officials, we also viewed the eight goals as relating to EPA’s mission and permitting assessment of the agency’s progress in achieving desired results. However, we characterized the goal “developing tools for the future” as results oriented to some extent because it did not provide a clear definition of the results expected and it was unclear how EPA would assess progress toward achieving this goal. We characterized the remaining goal for “effective management” as results oriented to little or no extent because it was focused internally and therefore did not relate to the agency’s mission.

EPA Had No Program Performance Measures in Place at the Time of Our Review

As of January 1, 1997, EPA had not established sets of program performance measures to assess progress in meeting the agency’s goals. According to EPA officials, the agency was establishing quantitative “objectives” that describe what EPA wants to achieve by an agreed-upon target date. EPA plans to have a full set of program performance measures relating to these objectives by July 1997.

Although EPA had no official program performance measures as of January 1, 1997, the agency has been working since 1992 to develop long-range national environmental goals with results-oriented performance goals and measures. EPA officials said that some of the performance measures for the national goals program may be used as measures for the agency’s strategic goals.

Views on the Results Orientation of EPA's Performance Standards for Selected Frontline Regulator Positions

In contrast to strategic goals and program performance measures, the administration's regulatory reinvention initiative, not GPRA, set the expectation for agencies to focus on results when measuring the performance of their frontline regulators. EPA identified two frontline regulator positions for this review, criminal investigators and environmental scientists.¹ As of January 1, 1997, there were the equivalent of about 225 full-time criminal investigators at EPA, and the equivalent of about 1,225 full-time environmental scientists working out of EPA's regional offices.² EPA criminal investigators investigate allegations or suspected violations of criminal environmental laws, and environmental scientists implement and enforce environmental regulations.

EPA officials characterized 9 of the 11 sets of performance standards reviewed for these 2 positions as results oriented to a great extent, and 2 sets of standards as somewhat results oriented. They believed that most of the sets of standards clearly described the results that should occur through performance of the standards. However, we characterized eight of the sets of employee performance standards we reviewed as results oriented to little or no extent, two as somewhat results oriented, and one as results oriented to a great extent.

Views on the Results Orientation of EPA's Criminal Investigator Performance Standards

We and agency officials reviewed five job elements for the criminal investigator position:³

1. "Professional attributes: In the performance of duties, displays and possesses professional attributes and conduct which are a benefit to the agency and which foster good working relationships within and outside the office. Such professional attributes include physical conditioning, appearance and demeanor, proficiency with weapons and equipment, work attitude, and self-improvement measures.

2. Communication (oral and written): Prepares and presents written and oral communication and reports as needed to the public; Regional

¹Although the President's March 4, 1995, memorandum on his regulatory reinvention initiative did not define "frontline regulators," we defined them as regulatory staff who work directly with the regulated community by enforcing regulations.

²EPA also has environmental scientists working in its headquarters offices, but EPA officials said that these environmental scientists were not frontline regulators.

³We did not include the "special projects" job element in our review because of the general nature of these standards and their variability between criminal investigators.

officials; Criminal Investigation Division (CID) Headquarters; supervisors, the Director, CID; prosecuting attorneys and other officials.

3. Knowledge of directives, laws, regulations, and procedures: Maintains and demonstrates knowledge of programs, missions, and operations within EPA; CID policy; and pertinent environmental laws and regulations.

4. Case investigation: Conducts complex investigations within an assigned area of responsibility.

5. Liaison: Identifies, establishes and maintains contacts with other federal, state, and local law enforcement and regulatory agencies, EPA Regional officials, public institutions, the private sector, and other CID offices.”

EPA officials classified all but one of the sets of performance standards related to these elements as results oriented to a great extent. For example, EPA officials said that the set of standards related to the “communication” job element was greatly results oriented because presentations that were thorough, easily understood, and appropriately targeted would result in an accurate understanding of the message being delivered. EPA officials said the set of standards for the “liaison” job element was somewhat results oriented because regular communications with a broad base of external contacts provided the intermediate result of a highly efficient and timely resource for the agency.

However, we considered four of the sets of performance standards (for the “professional attributes,” “communication,” “knowledge of directives,” and “liaison” job elements) as results oriented to little or no extent because these standards were not tied to any expected results and therefore had no criteria for evaluating performance associated with expected results. For example, the standards for the “professional attributes” job element included maintaining “a good level of physical conditioning,” displaying “an appearance and demeanor which is consistent with the position,” and displaying “a positive attitude towards the job.” We did not believe that these standards clearly described the results that criminal investigators were expected to work toward or were linked to any environmental results that EPA was trying to achieve. We viewed the remaining set of performance standards for the “case investigation” job element as somewhat results oriented because although it was linked to EPA’s goal to “provide a credible deterrent,” the set of standards did not clearly describe the results the investigator was expected to work toward. For example,

investigators were expected to “identify and preserve physical evidence in accordance with currently acceptable standards,” but the result expected from following the standards for evidence was not specified.

**Views on the Results
Orientation of EPA's
Performance Standards for
the Environmental
Scientist Position**

The environmental scientist position had six job elements:

1. Customer service: To meet customer expectations with respect to products or services provided.
2. Communication: To communicate effectively with internal and external customers in accomplishing the organization's work.
3. Teamwork: To contribute individual talents and energies toward achieving team goals and objectives.
4. Grants/cooperative agreements: To coordinate the negotiation and award of grants, cooperative agreements and/or interagency agreements, and/or monitor work plans, progress, and activities performed under these arrangements for acceptability and achievement of objectives.
5. Enforcement/compliance: To ensure compliance with asbestos regulations under the Clean Air Act, National Emissions Standards for Hazardous Air Pollutants, Toxic Substances Control Act, and related legislation and regulations through effective management of compliance assistance and enforcement activities while meeting programmatic goals and objectives.
6. Inspections: To conduct compliance inspections consistent with Agency priorities and programmatic goals and objectives.”

EPA officials classified all but one of the sets of performance standards for these elements as results oriented to a great extent. For example, they said that the set of standards for the “customer service” job element covered all the major indicators of providing highly efficient customer services, including mutual agreement between the customer and service provider on product delivery dates, frequent feedback to customers, and checking to determine whether customer needs were met. EPA officials said the set of standards related to the “communication” job element was somewhat results oriented because the set of standards did not cover whether the communications were helpful to customers or could have been improved,

leaving a somewhat incomplete set regarding whether effective two-way communication had been achieved.

We agreed that the set of standards associated with the environmental scientist "enforcement" job element was greatly results oriented because it was directly related to EPA's mission and strategic goals, clearly described the results scientists were expected to work toward, and established criteria for evaluating their performance directly associated with the result. However, we characterized the sets of standards for four of the job elements ("customer service," "communication," "teamwork," and "grants/cooperative agreements") as results oriented to little or no extent because they did not establish what results would be achieved through performance of the standards and did not establish results-oriented criteria for evaluating performance. For example, the standards for the "communication" job element included "conducts internal and external communications through appropriate channels;" "writes clearly and concisely, in compliance with established formats, and neat in appearance;" and "promptly handles and responds to phone, local area network, or voice mail messages." It was not evident what environmental results were anticipated by performing these communications in accordance with the standards. We classified the remaining set of standards for the "inspections" job element as somewhat results oriented. This set was somewhat linked to EPA's mission of protecting public health, but the results scientists were expected to work toward and the criteria EPA would use to evaluate performance toward achieving these results were unclear.

EPA's Comments and Our Evaluation

We met with EPA officials, including the Acting Deputy Director of the Office of Planning, Accountability, and Analysis and the Acting Director of the Strategic Planning and Policy Services Division, on April 28, 1997, to obtain their comments. The EPA officials agreed with the draft report's overall message that regulatory agencies face significant barriers in becoming results oriented and noted that EPA faces a challenge in trying to determine what portions of changes in environmental conditions can realistically be considered a result of EPA's programs. In fact, the officials said they believed the draft report should more strongly reflect the barriers that agencies face in order to emphasize that focusing on results will take time and, in some situations, may be difficult to do. We agree that managing for results may be difficult in some cases and, therefore, included more information in the results-in-brief section of the final report describing the barriers agencies identified.

EPA officials said that some EPA programs were upgrading their ability to report on environmental results. They said that other EPA programs have long had in place the environmental monitoring and reporting systems needed to measure results and that the prospect of meeting GPRA reporting requirements would not be an insurmountable challenge for these programs. For example, the officials said that the "criteria air pollutants program" has consistent, quality-assured data on both environmental quality and emissions from many of the major sources of air pollution. They said that these emissions data link EPA's regulatory actions to environmental results. However, they said that some EPA programs (those that provide services) will have more difficulty determining outcome-related results, as opposed to output-related (i.e., activity) results. The EPA officials also said that the agency has made significant progress in revising its goals and developing performance measures since the time of our review in early January 1997.

EPA officials said that although it is appropriate to hold frontline regulators accountable for organizational results, we should not have expected agencies to have results-oriented performance standards that met our criteria. They said that the Office of Personnel Management and the chief financial officers and human resource communities have not decided how to translate the mission of an agency into measurable standards that are results oriented at the individual level. They also said that we based our characterizations on a definition that could not be found in any law, regulation, or guidance.

Although there may not yet be a consensus among the relevant stakeholders or a formal definition regarding how the measurement of employee performance should be linked to agencies' results, the President's memorandum nevertheless requires that agencies change the way they measure both agency and frontline regulators' performance "so as to focus on results, not process and punishment." In addition, in a June 15, 1995, report to the President, EPA stated that it reviewed its existing employee performance standards and said that it had made some changes to those standards and had plans for further changes. Nowhere in the June 1995 report did EPA assert, as it does now, that it is inappropriate to expect the agency's employee performance standards to focus on results. To develop our criteria for employee performance standards, we considered Office of Personnel Management guidance on establishing employee performance standards in conjunction with GPRA criteria for goals and performance measures as a model.

Appendix V
EPA's Mission, Strategic Goals, and
Performance Standards for Selected
Frontline Regulator Positions

The officials also said that one of the reasons we may have differed with agencies' conclusions about the results orientation of their employee performance standards was the fact that we did not consider additional contextual information when we reviewed the standards. As stated in the draft report, we applied our criteria to the agencies' performance standards without other contextual information. We believe that in order to characterize each agency's performance standards using a fair and balanced approach, it was necessary to limit our scope to the standards themselves. Otherwise, we could have had additional information about one aspect of an agency's performance standard but not another, which would have resulted in an inconsistent application of our criteria. In addition, Office of Personnel Management guidance states that research has shown that specific, hard goals result in higher performance than vague or abstract goals, or no goals at all. Therefore, the President's initiative focusing standards on results could improve regulators' performance in obtaining desired results.

Scope and Methodology

To describe the agencies' strategic goals and program performance measures, we first obtained copies of the goals and measures the agencies were using as of January 1, 1997. To describe the employee performance standards for selected regulator positions at these agencies, we first asked officials in each agency to identify frontline regulator positions that they felt would fairly represent the actions of their agencies' regulators.¹ We then obtained copies of the performance standards being used as of January 1, 1997, for the selected positions.

To describe the extent to which agency officials and we believed that these goals, program performance measures, and employee performance standards focused on results, we developed a standardized data collection framework. We provided the initial framework to agency officials and told them that the criteria (as shown in table VI.1) were under development and would be further refined and revised as we progressed through the assignment. We left it up to the agency officials to decide whether they wanted to use these criteria, because we were primarily interested in obtaining their perspectives about the extent to which and, more importantly, why they considered their agencies' goals, measures, and standards to be results oriented. At a minimum, however, we asked agencies to characterize their goals, program performance measures, and employee performance standards as results oriented to a great extent, some extent, or little or no extent.

¹Using our definition of "frontline regulators"—regulatory staff who work directly with the regulated community by enforcing regulations—the agencies designated which positions they considered "frontline regulator" positions.

Table VI.1: Initial Framework Provided to Agency Officials

	To be considered results oriented to a great extent:
Strategic goals	Must provide a clear definition of what results, effects, or impact (i.e., outcomes) are expected from the regulatory program, and permit assessment of progress in meeting the goal.
Program performance measures	Should (1) assess the actual results, effects, or impact of a program activity compared with its intended purpose; (2) be linked to a goal; (3) permit comparison of organizational performance over time; and (4) if appropriate, include a range of measures such as quality, quantity, cost, and timeliness. (A range of measures would be appropriate when the goal is multipart and not self-measuring, or when the agency has set forth several measures and we can specify gaps in the measures used.)
Employee performance standards	Should describe the objective or overall results which the frontline regulators are expected to accomplish, and set forth tangible or demonstrable criteria for evaluating each performance element directly associated with desired results. (It should enable a “cold reader” to clearly understand how an individual would have to perform to meet the standard.)

In our analysis, we also characterized the agencies’ goals, program performance measures, and employee performance standards as results oriented to a great extent, some extent, or little or no extent. As we carried out these judgments, we expanded our initial framework somewhat as we learned more about how agencies’ goals or measures were structured. As a result, the framework we used was in the end somewhat more detailed than the initial framework we provided to agency officials. We did not believe these differences materially affected the outcome of our analysis. Specifically,

- We characterized an agency’s strategic goal as results oriented to a great extent if it was clearly linked to the agency’s mission, provided a clear definition of what results were expected, and permitted assessment of progress in achieving these results. (For example, IRS’ goal to increase taxpayer compliance was clearly related to IRS’ mission to collect the proper amount of tax revenue. It provided a clear definition of the expected results—“to encourage and assist taxpayers to voluntarily file timely and accurate returns and to pay on time, and, if taxpayers do not comply, to take appropriate compliance actions.” Finally, it is possible to assess progress toward increasing compliance.) If a goal was not linked to an agency’s mission, did not clearly define desired results, and did not permit assessment of progress toward achieving these results, we

considered it results oriented to little or no extent. We classified goals that fell between these two categories as results oriented to some extent.

- We characterized an agency's set of program performance measures as results oriented to a great extent if the measures (1) were clearly and unambiguously linked to the associated goal (or the agency's mission, if the goal was not results oriented); (2) provided relevant information for assessing progress toward achieving the goal; and (3) addressed all aspects of the goal. We classified sets of program performance measures that were not linked to a goal or mission, that would not provide relevant data for an agency to assess progress toward a result, and did not address all aspects of the goal as results oriented to little or no extent. We considered sets of measures that fell between these categories as results oriented to some extent.
- We considered a position's performance standards to be greatly results oriented if they clearly described the results that the frontline regulators were expected to work toward, these results were clearly and unambiguously linked to the agency's mission or goals, and the standards established criteria for evaluating performance directly associated with the desired results. We classified performance standards as having little or no results orientation if they were unclear about the results that the frontline regulators were expected to accomplish and did not establish criteria for evaluating performance related to expected results. We considered performance standards that fell between these two categories as results oriented to some extent. We did not include performance standards associated with "other duties as assigned" or "special projects" in this review because of the general nature of these standards.

There are several aspects of our work which need to be emphasized to clarify the significance of our results. First, our review was not intended to determine agencies' compliance with GPRA; compliance was not required at the time of our review. Furthermore, because we characterized the extent to which each agency goal and set of performance measures was results oriented, the application of these criteria represented a higher standard of results orientation than will be required by GPRA. As noted previously, the Act does not require that all of an agencies' goals or measures be results oriented and the President's March 4, 1995, memorandum does not explicitly require that each employee performance standard be results oriented to achieve the President's objective.

In applying our criteria for results orientation to the goals, performance measures, and performance standards, we limited our analysis to the

documents describing those goals, measures, and standards as of January 1, 1997, as provided by the agencies. As a result, we did not consider additional contextual information that may have existed and could have resulted in our reaching different conclusions about results orientation if it had been a part of our review. For example, it is possible that we might have considered the goals or measures for an agency's training or inspection program as more results oriented if we had obtained information about how they ultimately produced mission-oriented results.

We did not judge whether the agencies' goals and program performance measures were appropriate or achievable, only whether they appeared to be results oriented. We also did not assess whether better program performance measures existed that the agencies could have used. Because many of these agencies were making changes to those goals and measures and some of the performance standards at the time of our review, our and the agencies' assessments should be viewed as a snapshot at a particular point in time.

Because we reviewed the performance standards for only a few frontline regulator positions at each agency, the information we obtained is not representative of all such positions. Rather, the discussion of these standards should be viewed as examples, or case studies, of performance standards used by the agencies as of January 1, 1997. Each of the positions that were assessed contained several job elements (e.g., oral and written communication or customer service) that, in combination, constituted the major responsibilities for the position. Each job element, in turn, had a set of performance standards that described the level of performance that the employee needed to meet to be considered successful in that position. Table VI.2 shows the seven frontline regulator positions that we focused on in assessing employee performance standards. The positions had a total of 30 job elements, each accompanied by a set of performance standards associated with that element.

**Appendix VI
Scope and Methodology**

Table VI.2: Frontline Regulator Positions and Number of Job Elements as of January 1, 1997

Agency^a	Position (and number of frontline regulators)	Description of position	Number of job elements^b
OSHA	Compliance safety and health officer (930) ^c	Conduct workplace safety and health inspections.	3
FAA	Air traffic control specialist (12,900)	Regulate air traffic throughout the nation.	3
	Aviation safety inspector (1,525)	Inspect and certify aircraft for safe operations.	3
IRS	Customer service representative (5,750)	Provide information and direction on tax issues to the public.	5
	Revenue officer (7,360)	Collect delinquent taxes and secure delinquent returns.	5
EPA	Criminal investigator (225) ^d	Investigate allegations or suspected violations of criminal laws.	5
	Environmental scientist (1,225) ^c	Implement and enforce environmental regulations.	6
Total	^e		30

^aFDA is not included because, as of January 1, 1997, the agency was using performance standards that were customized for individual employees.

^bWe reviewed the sets of performance standards that were associated with each of these job elements.

^cIncludes both safety and health inspector positions.

^dThe number of EPA frontline regulators (for the criminal investigator and environmental scientist positions) were full time equivalent (FTE) staffing levels, not number of frontline regulators. In addition, the number of FTEs in the environmental scientist position includes only environmental scientists in EPA's regional offices. EPA officials said that they would not classify environmental scientists who work in headquarters as frontline regulators.

^eNot applicable because the numbers listed include both number of staff and FTEs and therefore these amounts cannot be added to a meaningful total.

Source: Agency information.

To describe the aids and barriers that officials in the agencies said they faced in attempting to focus on results, we asked officials in each agency to describe the aids and barriers they had experienced. We also reviewed related documents that described any problems or successes agencies had encountered.

Comments From OSHA and IRS

U.S. Department of Labor

Assistant Secretary for
Occupational Safety and Health
Washington, D.C. 20210



MM - 1 1997

L. Nye Stevens
Director
Federal Management
and Workforce Issues
General Accounting Office
Washington, D. C. 20548

Dear Mr. Stevens:

Thank you for the opportunity to review and comment on the draft GAO report, "MANAGING FOR RESULTS: Regulatory Agencies Identified Significant Barriers to Focusing on Results." This report assesses the results orientation of the program goals, performance measures and performance standards of five regulatory agencies, including the Occupational Safety and Health Administration (OSHA), as required by the Government Performance and Results Act (GPRA).

As you know, a number of GAO groups have been reviewing OSHA's activities as a GPRA pilot participant since FY 1995. A number of issues have been raised including the nature of our goals and the relationship of our performance measures to these goals. During the pilot years (FY 1994-FY 1996), OSHA's goals largely reflected the Agency's efforts to increase Agency capacity for mission-related results through process improvements and building data systems. This is a logical and necessary step in the evolution of performance measurement and in moving from an activity orientation to a results orientation as required by GPRA. Over the past several years, the Agency has completed process improvements in a number of areas (e.g., response time for employee complaints), and, as a result, the Agency was able to move forward in FY 1997 to begin to develop the kind of goals envisioned by the Congress in GPRA. OSHA's draft Strategic Plan for FY 1997-FY 2002 reflects this forward shift and is currently undergoing stakeholder and Congressional review. Your report indicates that not all goals are expected to be results-oriented. We recommend that this conclusion be reflected more prominently in the discussion of your assessment of agency goals.

In FY 1995, OSHA developed a Performance Measurement System Framework to guide the Agency in its transition to a results orientation. This system consisted of OSHA activities (Activity

Appendix VII
Comments From OSHA and IRS

Measures), the immediate or short-term results of these activities (Intermediate Outcome Measures) and the impact or longer-term results of these activities (Primary Outcome Measures). Short-term results are a measure of the effectiveness, responsiveness and efficiency of the Agency's activities, and they suggest what the ultimate impact should be. For example, a short term result might be significant hazards are identified and abated. The elimination of these hazards should result in a long term outcome measure of injuries, illnesses and fatalities prevented. However, these long term outcomes may not be immediately evident and therefore were not included in OSHA's FY 1996 goals and objectives. For FY 1995, these measures were limited to the data on hand. These measures relate directly to the mission of the Agency. Your report does not address these impact measures. Instead, the report focuses on the Intermediate Outcome Measures. The impact measures were outlined in OSHA's FY 1995 GPRA Performance Measurement report and reflected in a separate document provided to GAO. We apologize for any misunderstanding or miscommunication of information related to our measures.

The fact that OSHA has made significant progress to establish data systems to support its Performance Measurement System and results-oriented type measures is not reflected in the report. The development of such new data is essential before useable measures could be developed and implemented. For example, a new data form, the OSHA-55, was developed to capture information on OSHA interventions that are not currently accessible. Through the OSHA-55, OSHA is now collecting data on outreach, training and other technical assistance activities. OSHA also committed \$3 million to collect site-specific data from 80,000 employers. Data from this initiative will allow the Agency to better target its limited resources and assess its impact.

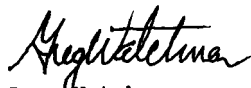
Your report appears to confuse several issues. The report title, "MANAGING FOR RESULTS: Regulatory Agencies Identified Significant Barriers to Focusing on Results," is misleading. It suggests that agency-identified barriers are important issues and are the primary focus of this report. In fact, there is no discussion of barriers until page 27, after a lengthy discussion and comparison of the results orientation of each of the five agencies' goals, performance measures and performance standards. We believe the location of the discussion on barriers alone diminishes its importance in evaluating the transition to a results orientation and makes the focus and purpose of the report unclear. Additionally, if the barriers are important explanations of the results orientation of an agency's goals, performance measures and performance standards, then their discussion should be more integrated with the discussion of these issues, not placed at the very end of the report.

Appendix VII
Comments From OSHA and IRS

The report's purpose, as stated on page 4, is to "...assess five major federal regulatory agencies' progress in implementing the President's regulatory reform initiatives and in preparing to implement upcoming GPRA requirements." While some agencies in your assessment, i.e., FAA and FDA, were preparing to implement GPRA as law, other agencies, i.e., OSHA, were still in the pilot stage and the materials you referenced in your report were those required of pilot participants. Further, as your report indicates, some pilots were agency-wide while others were more limited in scope. For these reasons, we believe your comparisons of the results orientation of agency goals, performance measures and performance standards are misleading and inappropriate. Although this may not have been GAO's intent, the placement of assessment information on each agency in the same table, pages 16, 19 and 23, both suggests and invites comparison.

Lastly, the report appears to assess only an agency's ability to develop mission-related goals, performance measures and performance standards, not actual agency efforts, successes and evolutionary improvements in implementing those goals. We believe the real test of an agency's ability to become more results oriented is its capacity to implement these various strategies, or to chart a course that will lead to their development and implementation.

Sincerely,



Greg Watchman
Acting Assistant Secretary

Appendix VII
Comments From OSHA and IRS



CHIEF MANAGEMENT
AND ADMINISTRATION

DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
WASHINGTON, D. C. 20224

APR 30 1997

L. Nye Stevens
Director, Federal Management and Workforce Issues
United States General Accounting Office
441 G Street, NW
Washington, DC 20548

Dear Mr. Stevens

We have received your draft Report, Managing For Results: Regulatory Agencies Identified Significant Barriers to Focusing on Results, and appreciate the opportunity to comment on it.

Overall, the report confirmed that our strategic goals and performance measures are results oriented. However, we were concerned that GAO created their own set of criteria in lieu of using the GPRA criteria to evaluate the five agencies' goals and measures. In addition, regarding performance standards, we do not believe that the Report placed enough emphasis on the fact that, "The Technical and Miscellaneous Revenue Act of 1988" prohibits the IRS from evaluating employees on the basis of tax enforcement results. Section 6231, "Basis for Evaluation of Internal Revenue Service Employees," states that the Service may establish goals/quotas and measure their success or failure on an organizational level, but cannot establish these goals/quotas individually, and/or write standards or evaluate revenue officers against them.

Also, we do not believe that the Report gave the IRS sufficient credit for the many efforts underway to improve our performance measures and to link them to employee performance. We have established criteria that will require all major programs to have measures of effectiveness, efficiency and customer satisfaction. In addition, there are two efforts underway to link performance measures to employee performance. One will require all managers' performance assessments to be linked to program performance measures and is scheduled to be implemented in FY 1998. The other effort involves linking all employees performance assessments to program performance measures and is the subject of negotiations with the National Treasury Employees Union.

If you have any questions, please do not hesitate to contact us.

Sincerely,

A handwritten signature in dark ink, appearing to read "David A. Mader".

David A. Mader

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