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MANAGING FOR RESULTS

**Prospects for Effective
Implementation of
the Government
Performance and Results
Act**

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Managing for Results: Prospects for Effective Implementation of the Government Performance and Results Act

The Government Performance and Results Act, which is referred to as “GPRA” or “the Results Act,” seeks to shift the focus of federal management and decisionmaking away from a preoccupation with the activities that are undertaken—such as grants or inspections made—to a focus on the results of those activities—such as real gains in employability, safety, responsiveness, or environmental quality. Under the Results Act, GAO was to report to Congress by this week on the Act’s implementation. Yesterday, GAO released its report in response to that mandate.

GAO’s work shows that to this point, the implementation of the Results Act has achieved mixed results, which will lead to highly uneven governmentwide implementation in the fall of 1997. On the one hand, GAO found that the experiences of some of the Results Act pilot agencies and related efforts by nonpilot agencies showed that significant performance improvements were possible when an agency adopted a disciplined approach to setting results-oriented goals, measuring its performance, and using performance information to improve effectiveness. On the other hand, GAO’s survey of a random sample of civilian managers and supervisors in 24 major executive branch agencies found that although there had been progress over the last 3 years, managers reported that many agencies did not appear to be well positioned to provide in 1997 an answer to the fundamental Results Act question of whether programs have produced real results.

GAO found that agencies are confronting five key challenges that have limited the effective implementation of the Results Act. These challenges include those associated with (1) establishing clear agency missions and strategic goals, especially when program efforts are overlapping or fragmented; (2) measuring performance, particularly when the federal contribution to a result is difficult to determine; (3) generating the results-oriented performance information needed to set goals and assess progress; (4) instilling a results-oriented organizational culture within agencies; and (5) linking performance plans to the budget process.

Addressing some of these challenges will raise significant policy issues for Congress and the administration to consider, some of which will likely be very difficult to resolve. GAO noted that the Act’s success or failure should not be judged on whether contentious policy issues are fully resolved; rather, judgment of the success or failure of the Act should turn on the extent to which the information produced through the required goal-setting and performance measurement practices—once those

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practices are successfully implemented—helps inform policy decisions and improve program management.

Managing for Results: Prospects for Effective Implementation of the Government Performance and Results Act

Mr. Chairman and Members of the Subcommittee:

I am pleased to be here today to discuss the status of the implementation of the Government Performance and Results Act of 1993 and the prospects for its effective governmentwide implementation. In essence, the Act, which is referred to as “GPRA” or “the Results Act,” seeks to shift the focus of federal management and decisionmaking away from a preoccupation with the activities that are undertaken—such as grants or inspections made—to a focus on the results of those activities—such as real gains in employability, safety, responsiveness, or environmental quality.

Congress understood that the management changes required to effectively implement the Results Act would not come quickly or easily. The Act therefore included a phased implementation approach that began in fiscal year 1994 with pilot projects on the Act’s performance planning and reporting requirements. Under the Results Act, we were to report to Congress by this week on the implementation of the Act, including the prospects for compliance by executive agencies beyond those that participated in the pilot phase.

Yesterday, we released our report responding to that mandate, and, as requested by the Subcommittee, my comments today are based on that report.¹ We drew on a large body of work we have done in recent years on the Results Act and on related goal-setting, performance measurement, and accountability concepts. We also surveyed a random sample of civilian managers and supervisors at the general schedule (GS) and general management (GM) levels GS/GM-13 through Senior Executive Service (SES) levels in 24 major executive branch agencies.² These 24 agencies accounted for over 99 percent of the federal government’s net outlays for fiscal year 1996. The sample was stratified by whether the manager was SES or non-SES and by whether the manager was working in an agency or agency component that was designated as a Results Act pilot and that we were able to isolate in drawing our sample. Of the approximately 1,300 managers surveyed, we received usable responses from about 72 percent.

The overall survey results are statistically generalizable to the 24 agencies included in the survey. The survey data in our report that I will discuss today are the estimated percentages of how officials would have

¹The Government Performance and Results Act: 1997 Governmentwide Implementation Will be Uneven (GAO/GGD-97-109, June 2, 1997).

²In reporting this survey data, when we use the term “manager” or “federal manager,” we are referring to both managers and supervisors.

responded had the entire universe of eligible officials been surveyed. In general, percentages reported for the entire sample have confidence intervals ranging from + 5 percentage points to + 12 percentage points. In other words, if all managers in the 24 agencies included in our population had been surveyed, the chances are 95 out of a 100 that the results obtained would not differ from the sample estimate, in the most extreme case, by more than + 12 percentage points.

Progress in Implementing the Results Act Has Been Mixed

Our work shows that, to this point, the implementation of the Results Act has achieved mixed results, which will lead to highly uneven governmentwide implementation in the fall of 1997. Although agencies are likely to meet the upcoming statutory deadlines for producing initial strategic plans and annual performance plans, we found that those documents will not be of a consistently high quality or as useful for congressional and agency decisionmaking as they could be. On a more positive note, the Office of Management and Budget (OMB) selected over 70 performance planning and reporting pilots that far exceeded the number required by the Act and that should provide a rich body of experience for agencies to draw on in the future. Congress, too, has shown a growing interest in and support for the governmentwide implementation of the Act. For example, the House Majority has established teams consisting of staff from various committees to lead its strategic plan consultation efforts. These teams have been reaching out to agencies to review and comment on agencies' strategic plans.

We also found that the experiences of some of the Results Act pilot agencies and related efforts by nonpilot agencies showed that significant performance improvements were possible when an agency adopted a disciplined approach to setting results-oriented goals, measuring its performance, and using performance information to improve effectiveness. For example, the Veterans Health Administration improved services to veterans by more rigorously assessing the results of the medical care it provides. In particular, the Veterans Health Administration reported that it used performance information to target the most important improvement opportunities and thereby lowered the mortality rate for cardiac procedures by an average of 13 percent over the last 8 years.

In another example, involving the Social Security Administration's (SSA) national toll-free 800 telephone number to handle citizen inquiries, SSA used customer satisfaction and other performance information to identify

and make program changes, including providing additional staff to handle phone calls from the public. As a result, the busy rate decreased from 49 to 34 percent, and the percentage of calls answered within 5 minutes increased from 74 to 83 percent from fiscal year 1995 to fiscal year 1996.³

Although these and other performance improvements are noteworthy, the reported examples of substantial performance improvements were relatively few, and many agencies did not appear to be well positioned to provide in 1997 a results-oriented answer to the fundamental Results Act question: What are we accomplishing? For example, we reported in January 1997 that the Department of Housing and Urban Development's (HUD) Public Housing Management Assessment Program did not collect important information needed to manage and assess its results.⁴ The program is to assess the performance of local housing authorities by measuring factors such as the numbers of outstanding work orders and uncollected rents. However, the system does not measure other factors, such as housing quality, that are essential for assessing the results that housing authorities are achieving, as well as for determining which housing authorities are performing well or poorly.

The situation at HUD appears to be typical. We surveyed federal managers about the extent to which critical performance measures were available for their programs. As figure 1 shows, according to our survey, only 32 percent of federal managers said that, to a great or very great extent, they have the types of performance measures that would demonstrate whether their programs or operations were achieving their intended result. The figure also shows that 38 percent or less of federal managers reported having, to a great or very great extent, other important performance measures, such as efficiency and quality measures.

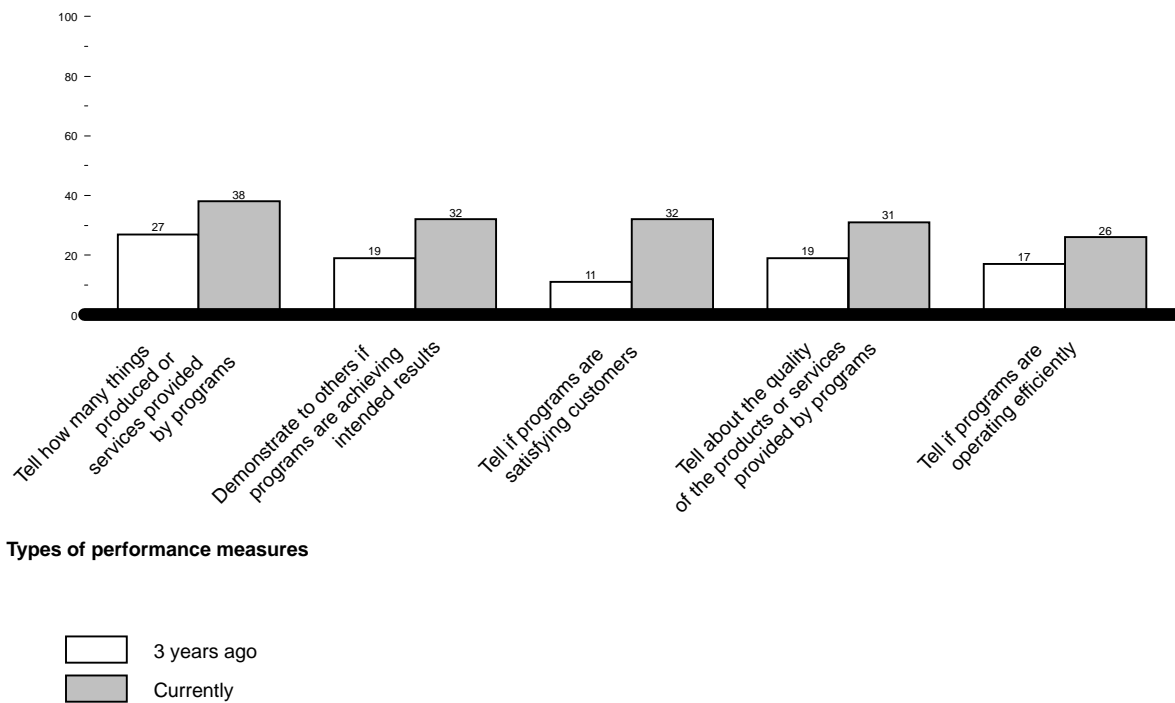
³Social Security Administration: Significant Challenges Await New Commissioner (GAO/HEHS-97-53, Feb. 20, 1997).

⁴Public Housing: HUD Should Improve the Usefulness and Accuracy of Its Management Assessment Program (GAO/RCED-97-27, Jan. 29, 1997).

Figure 1:

GAO Managers' Responses Show Key Performance Measures Lacking

Percent of managers reporting existence of measures to a great/very great extent



Source: GAO survey data.

As indicated in figure 1, while still viewed as low, significantly more managers reported the existence of results-oriented and other performance measures to a greater extent currently than 3 years ago. For example, when asked to recollect what the situation was 3 years ago, 19 percent of federal managers reported that, to a great or very great

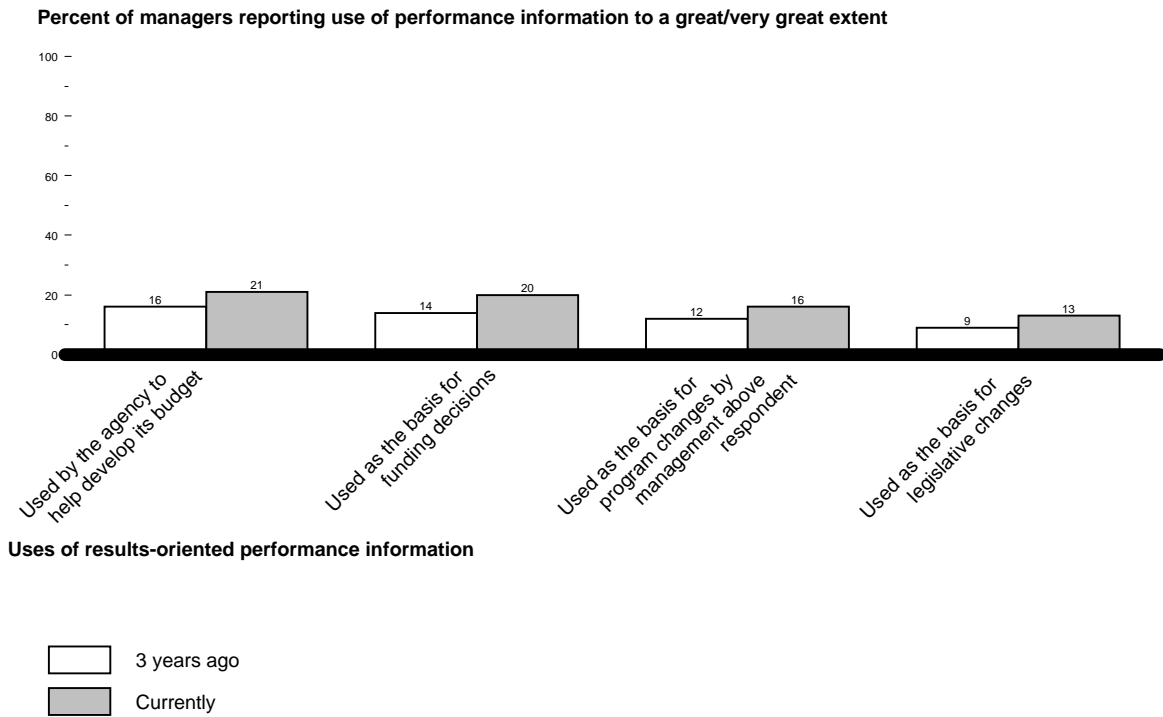
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extent, they had results-oriented measures, compared to 32 percent who reported that they had such measures today. This represents a 13 percentage point change over what federal managers perceived the situation to have been 3 years ago, suggesting that results-oriented performance information, which is essential to the success of the Results Act, is becoming more widely available.

Obviously, it is not sufficient merely to measure current performance. The Results Act envisions that performance information will be used to make decisions and better manage programs. We asked federal managers about the extent to which results-oriented performance information was used to help make key decisions about their programs. As figure 2 shows, the reported use of such information was limited.

Figure 2:

GAO Managers' Responses Show Limited Use of Results-Oriented Performance Information



Source: GAO survey data.

Similar to the situation with performance measures, federal managers reported some positive changes in what they recollected the situation to have been 3 years ago. Although these changes are statistically significant for most of the uses shown in the figure, these changes have been modest.

Even among those federal managers who reported that, to a great or very great extent, they had measures that demonstrate their programs are achieving intended results, their reported use of results-oriented performance information was not high. No more than 37 percent of the managers reported that performance information was used to a great or very great extent to help make any of the key decisions shown in figure 2.

These survey results underscore how far agencies still have to progress in the use of results-oriented performance information. Although there has been progress over the last 3 years, many agencies still have not developed the information necessary to determine whether their programs are accomplishing their intended results. Where managers reported that their agencies had results-oriented performance measures, the results-oriented information generally was not being used to a great or very great extent to help make decisions affecting their programs.

Key Challenges Remain to Effective Implementation of the Results Act

We found that agencies are confronting five key challenges that have limited the implementation of the Results Act. These challenges include those associated with (1) establishing clear agency missions and strategic goals, especially when program efforts are overlapping or fragmented; (2) measuring performance, particularly when the federal contribution to a result is difficult to determine; (3) generating the results-oriented performance information needed to set goals and assess progress; (4) instilling a results-oriented organizational culture within agencies; and (5) linking performance plans to the budget process. As Congress recognized when it passed the Results Act and as the experiences of pilot agencies and related efforts by nonpilot agencies suggest, these challenges will not be quickly or easily resolved. I will briefly describe each of these five challenges and give some examples.

Establishing Clear Missions and Strategic Goals

One challenge to the effective implementation of the Results Act is traceable to overlapping and fragmented program efforts. Crosscutting program efforts, such as student loan or economic development programs, present the logical need to coordinate efforts to ensure that goals are consistent and, as appropriate, that program efforts are mutually reinforcing. We found that, when this is not done, overlapping and fragmented program efforts can undermine efforts to establish clear missions and goals. Such uncoordinated overlapping and fragmented program efforts can frustrate program customers, waste scarce resources, and limit the overall effectiveness of the federal effort.

For example, we reported in 1995 on the Department of Education programs that provided loans and grants to students to help finance their higher education.⁵ We found that although the student loan and Pell grant programs provided the majority of federal financial aid to students for postsecondary education, another 22 smaller programs were targeted to specific segments of the postsecondary school population, such as prospective students from disadvantaged families or women and minorities who are underrepresented in graduate education. These 22 programs were collectively funded at \$1.1 billion for fiscal year 1995. We concluded that these smaller grant programs could be considered candidates for consolidation—with other larger programs or among themselves—with no adverse impact on students' access to postsecondary education. We also found that the federal government could anticipate administrative savings of 10 percent each year, or a total of \$550 million in budget authority (adjusted for inflation) over 5 years.

In addition to the problem of overlapping and fragmented programs, agencies are challenged in setting goals because those goals often must reflect a balance of competing policy priorities. For example, we reported in April 1997 that the Forest Service had increasingly shifted the emphasis of its efforts from producing timber to sustaining wildlife.⁶ This shift was taking place in reaction to requirements in planning and environmental laws and their judicial interpretation—reflecting changing public values and concerns—together with social, ecological, and other factors. However, we noted that the demand for recreation was also expected to grow and may increasingly conflict with efforts to sustain wildlife and produce timber. We found that the disagreement both within the Forest Service and among key external stakeholders, including Congress, on how the Forest Service is to resolve conflicts or make choices among competing uses on its lands had seriously undermined its efforts to establish the goals and performance measures needed to ensure accountability. We concluded that until general agreement is reached, the Forest Service's decisionmaking is likely to continue to be inefficient and ineffective.

⁵Department of Education: Information on Consolidation Opportunities and Student Aid (GAO/T-HEHS-95-130, Apr. 6, 1995); and Department of Education: Opportunities to Realize Savings (GAO/T-HEHS-95-56, Jan. 18, 1995).

⁶Forest Service Decision-Making: A Framework for Improving Performance (GAO/RCED-97-71, Apr. 29, 1997).

Measuring Performance

A second challenge to the effective implementation of the Results Act is the often limited or indirect influence that the federal government has in determining whether a desired result is achieved, which complicates the effort to measure the discrete federal contribution to a specific result. Our work has shown that measuring the federal contribution is particularly challenging for regulatory programs; scientific research programs; and programs that deliver services to taxpayers through third parties, such as state and local governments. For example, determining the impact of economic development programs has been a daunting task because of the numerous external forces—including broad national economic trends and the assistance that communities may receive from state and local governments and the private sector—that may contribute to local economic development.

Separating out the effects of federal program efforts can be extremely difficult, as we observed in a 1996 review of economic development programs, because it would require, first, documentation that there had been some improvement in a targeted area; second, linkage of specific program elements to actual economic changes; and third, measurement of the growth stemming from other influences on the economy of the targeted area in order to isolate the impact that could be attributed to the economic development program.⁷

Some agencies are exploring approaches that begin to address the difficulty they are having in developing useful results-oriented performance information. Among the approaches that are detailed in our report are (1) using impact evaluations; (2) using intermediate performance measures; (3) using a range of measures; and (4) working with stakeholders to identify and reach consensus on the most meaningful measures for the program.

Generating Results-Oriented Performance Information

A third challenge to the effective implementation of the Results Act is the lack of results-oriented performance information in many agencies, which hampers efforts to identify appropriate goals and confidently assess performance. Even when data exist, we have consistently found that the quality of agencies' performance data is often questionable due to several factors, including the need to rely on third parties to provide data. For example, Department of Veterans Affairs officials told us that some of their results-oriented measures for a Loan Guaranty program were new

⁷Economic Development: Limited Information Exists on the Impact of Assistance Provided by Three Agencies (GAO/RCED-96-103, Apr. 3, 1996).

and that baseline data were not available on those measures. Consequently, they did not have data on past performance to use in setting some of the program's fiscal year 1998 goals. In some of these cases, the Department indicated in its fiscal year 1998 budget submission that those goals were "to be determined." In another example, Department of Agriculture officials said they eliminated some performance measures that had been part of their Results Act pilot's annual performance plan because they did not have a way to collect data on those measures. Lacking these data, they did not have an informed basis on which to set goals.

**Instilling a
Results-Oriented
Organizational Culture**

A fourth challenge to the effective implementation of the Results Act centers on the need to instill within agencies an organizational culture that focuses on results, and this remains a work in progress across the federal government. According to our survey, federal managers rated the commitment of top leadership to achieving results as higher currently than they did 3 years ago. However, federal managers' responses to our survey also suggested that not much progress has occurred in agencies to develop and sustain cultures that focus on results. For example, when we asked federal managers about the extent to which they or supervisors at their levels had the authority they needed to help their agencies accomplish their strategic goals, the federal managers did not perceive that they had more such authority currently than they recalled having 3 years ago.

Significantly, for federal managers from the Results Act pilots that we were able to isolate for our sample, managers' perception of the extent of their authority currently was much lower than their perception of the situation 3 years ago. For example, 40 percent of SES managers from selected pilots reported that managers at their level had authority to help the agency accomplish its strategic goals to a great or very great extent currently, while their perception of this extent of authority 3 years ago was 56 percent—a difference of 16 percentage points.

These survey results suggest that as agencies implement the Results Act and strive to become more results oriented, they need to pay special attention to ensuring that key managers have the authority they need to achieve intended results. In passing the Results Act, Congress recognized that if federal managers were to be held accountable for program results, they would need the authority and flexibility to achieve those results. Congress also understood the importance of affording federal program managers the freedom to be innovative and creative and to marshal resources to achieve results.

Thus, the Results Act authorizes agencies to apply for managerial flexibility waivers of nonstatutory administrative procedural requirements and controls in their annual performance plans. The Act further specified that managerial accountability and flexibility waivers were to be piloted during fiscal years 1995 and 1996. However, as we reported in April 1997, the managerial accountability and flexibility pilot did not work as intended.⁸ We found that three major factors contributed to the failure of the managerial accountability and flexibility pilot to work as intended. First, changes in federal management practices and laws that occurred after the Act was enacted affected agencies' need for the waivers. Second, agencies could use other, less rigorous, means to obtain waivers from administrative requirements. Third, unlike its active approach to the first set of Results Act pilots covering performance planning and reporting, OMB did not work actively with agencies that were seeking to take part in the managerial accountability and flexibility pilot.

Linking Performance Plans to the Budget Process

Finally, a fifth challenge to the effective implementation of the Results Act is the need to link agencies' performance plans directly to the budget process through the Results Act requirement to base the annual program performance goals on the budget's program activity structure.⁹ We have found that the extent to which the budget's program activity structure can be directly linked to a results-oriented performance framework varies widely among activities, and adjustments and accommodations in the program activity structure may be needed. Reaching agreement on such changes between Congress and the executive branch will be a time-consuming and difficult process that will likely take more than one budget cycle to resolve.

An Augmented Reporting Framework Holds Promise for Strengthening Federal Decisionmaking and Accountability

The Results Act is the cornerstone of a series of initiatives that are intended to provide a comprehensive framework for integrating program, cost, and budget information. Improved financial reporting and auditing required by the Chief Financial Officers Act should strengthen the reliability of cost and performance information. The Federal Accounting Standards Advisory Board (FASAB) has developed a new set of reporting concepts and accounting standards that underpin OMB's guidance to

⁸GPR: Managerial Accountability and Flexibility Pilot Did Not Work As Intended (GAO/GGD-97-36, Apr. 10, 1997).

⁹Performance Budgeting: Past Initiatives Offer Insights for GPR Implementation (GAO/AIMD-97-46, Mar. 27, 1997).

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agencies on the form and content of their agencywide financial statements.

FASAB standards include a new reporting model for federal agencies geared to providing users with information about budgetary integrity, operating performance, stewardship, and systems and controls. These standards also include cost accounting standards that became effective beginning with fiscal year 1997 and are the first set of standards that are to account for the full costs of federal programs. For the first time, decisionmakers are to be provided with annual “report cards” on the costs, management, and effectiveness of federal agencies. The FASAB cost accounting standards, if successfully implemented, are to provide decisionmakers with information on the costs of all resources used, including the costs of services provided by others to support activities or programs. Such information would allow for comparisons of the costs of various programs and activities with their performance outputs and results.

In summary, Mr. Chairman, the performance improvements already reported strongly suggest that the basic goal-setting and performance measurement model used by the Results Act, if successfully implemented, will be an important tool to improve federal management and performance. However, addressing some of the challenges that I have highlighted today, such as crosscutting program efforts and balances among competing priorities, will raise significant policy issues for Congress and the administration to consider, some of which will likely be very difficult to resolve.

The Results Act’s success or failure should not be judged on whether contentious policy issues are fully resolved; rather, judgment of the success or failure of the Act should turn on the extent to which the information produced through the required goal-setting and performance measurement practices—once those practices are successfully implemented—helps inform policy decisions and improve program management. Although progress thus far has been mixed and implementation this fall will be uneven, the Results Act has shown that it has the potential for improving the federal government’s performance and sharpening executive branch and congressional decisionmaking.

This concludes my prepared statement. I would be pleased to answer any questions.

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