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# COMMITTEE ON APPROPRIATIONS
# UNITED STATES SENATE

ON THE

# GOVERNMENT PERFORMANCE AND RESULTS ACT OF 1993

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# I. INTRODUCTION

## LEGISLATIVE HISTORY OF THE GOVERNMENT PERFORMANCE AND RESULTS ACT

The Government Performance and Results Act of 1993, commonly referred to as "GPRA" or the "Results Act," was enacted with the broad, bipartisan support of both Congress and the Executive Branch. The Results Act originated from Senate Bill No. 20, introduced by Senator Roth and co-sponsored by several other Senators during the 103rd Congress. The Senate Governmental Affairs Committee favorably reported the bill by voice vote on June 16, 1993 (S. Rept. No. 103–58). Both the Senate and House of Representatives passed the bill by unanimous consent, and it was signed into law by the President on August 3, 1993 (Public Law 103–62).

The Act is designed to respond to widespread concern that the Federal Government has not been held accountable for delivering the level and quality of results anticipated by the American people. The Governmental Affairs Committee report which accompanies S. 20 evidences this concern as follows:

> "a recent public opinion poll * * * shows that Americans, on average, believe that as much as 48 cents out of every Federal tax dollar is wasted. In other words, the public believes that it is not getting the level and quality of government service for which it is paying."[1]

Thus, the first Congressional statement of purpose of the Act was "to improve the confidence of the American people in the capability of the Federal Government, by systematically holding Federal agencies accountable for achieving program results."[2]

The three cornerstones of the Results Act are strategic plans, annual performance plans, and annual performance reports:

—*Strategic plans*.—Agencies, in consultation with Congress, are required to develop 5-year strategic plans that must contain: (1) a comprehensive mission statement for the agency and (2) long term results-oriented goals covering each of its major functions. The initial agency strategic plans were submitted to the Office of Management and Budget [OMB] and Congress in September 1997.[3] Strategic plans must be updated at least every 3 years. The first updates are due in September 2000.[4]

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[1] S. Rept. No. 103–58 at p. 2.

[2] Section 2(b)(1) of Pub. L. No. 103–62, 107 Stat. 285.

[3] While the Results Act was enacted in August 1993, it provided a long lead time for agencies to prepare for its implementation. For example, during the period between August 1993 and submission of the first round of strategic plans in September 1997, agencies conducted performance measurement pilot programs to test the Act's concepts. Agencies also consulted with Congress on their draft strategic plans during the Spring and Summer of 1997.

[4] 5 U.S.C. 306.

—*Annual performance plans*.—Agencies are required to prepare annual performance plans that: (1) establish performance goals for the applicable fiscal year, which generally must be expressed in an objective, quantifiable, and measurable form; (2) briefly describe the means and strategies needed to meet the goals; and (3) describe the means used to verify and validate performance. In addition to the agency plans, OMB submits an annual government-wide performance plan as part of the President's budget. The first round of agency performance plans and the first government-wide performance plan were submitted in February 1998 and apply to fiscal year 1999.[5]

—*Annual performance reports*.—Agencies are required to prepare annual performance reports that review the agency's success in achieving its performance goals for the applicable fiscal year and explain and describe where performance goals have not been met. The first round of annual performance reports is due by March 31, 2000, and will cover the agency performance goals for fiscal year 1999.[6]

Collectively, the strategic and performance plans and the performance reports establish a comprehensive system of accountability through which agencies articulate what they are trying to accomplish, how they will accomplish it, and how Congress and the public will know whether they are succeeding. The emphasis of the Results Act is on shifting performance measures from process (e.g., number of regulations issued) to results (e.g., safer workplaces). Without results measures, it is impossible to determine which programs are working and which are not.

One fundamental purpose of the Results Act is to link Federal funding decisions to program performance. The Appropriations Committee has a key role and responsibility to help ensure that this purpose of the Act is fulfilled. Accordingly, the Committee intends to conduct active oversight of the implementation of the Results Act. In his opening statement at a June 24, 1997 joint hearing on implementation of the Results Act before the Senate Appropriations and Governmental Affairs Committees, Senator Ted Stevens, Chairman of the Senate Appropriations Committee, emphasized the potential that the Results Act holds and the determination of Appropriations Committee Members to see it realized:

> "The American public has demanded an end to inefficient and wasteful spending by the Federal government. The American public has demanded a balanced budget. Our responsibility on the Appropriations Committee is to provide adequate funding for those programs that are a proper responsibility of the Federal government. With the Results Act, we can ask other important questions about Federal programs, such as what will the program accomplish, what will it cost to accomplish it, how will the results be achieved, and how will the agency monitor the program's effectiveness. If properly implemented, the Results Act can assist Congress in identifying and eliminating duplicate or ineffective programs. Congress intends

[5] 31 U.S.C. 1115.
[6] 31 U.S.C. 1116.

> to monitor compliance with the Results Act every step of the way to ensure that agencies are providing us with the information necessary to do our job of safeguarding the taxpayers' money."

This report, which evaluates agency performance plans for fiscal year 2000, is issued in furtherance of the Committee's commitment to monitor agency compliance with the Results Act.

IMPLEMENTATION

Although the Results Act was enacted in August 1993, its first major implementation step, submission of the initial round of strategic plans, did not occur until September 1997. The Act provided this long lead time to give agencies the opportunity to prepare for the many implementation challenges. Unfortunately, few agencies took advantage of the opportunity. A GAO report issued on the eve of the strategic plan submissions found that:

> "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?" [7]

*Draft strategic plans*.—This assessment was confirmed when agencies submitted their draft strategic plans for Congressional consultations, in accordance with the Results Act.[8] With GAO's assistance, cross-jurisdictional, bipartisan Congressional teams set up to facilitate consultations reviewed the draft plans. The results were very disappointing. Most of the plans reviewed did not even contain the minimal six elements expressly required by the law.

The seeming inattention to the draft plans was particularly surprising since Congress had signaled the high priority it attached to them. Specifically, the leaders of both Houses of Congress stressed the importance of the strategic plans and laid out detailed expectations for them in a letter to the Director of OMB dated February 25, 1997. With respect to agency performance plans, the letter emphasized that, in order to be useful to Congress, the plans should be timely and "should provide a complete and clear picture of what an agency intends to accomplish with a given level of resources."

*Final strategic plans*.—The final strategic plans submitted in September 1997 produced both good and bad news. The good news was that most agencies responded to the Congressional critiques and made significant improvements in their drafts. All of the final plans reviewed by GAO and the Congressional teams complied with the minimal legal requirements of the Results Act.

The bad news was that the final plans remained, in the words of GAO, "very much a work in progress." [9] Furthermore, because of the extreme deficiencies of the draft plans, the Congressional consultation process with agencies had been diverted from the substantive policy dialog that the Act envisioned to a major effort sim-

[7] *The Government Performance and Results Act: 1997 Governmentwide Implementation Will Be Uneven*, GAO/GGD–97–109 (June 1997), at p. 5.

[8] The Act specifically requires agencies to consult with Congress, as well as other agency stakeholders, when developing their strategic plans. 5 U.S.C. 306(d).

[9] *Managing For Results: Agencies' Annual Performance Plans Can Help Address Strategic Planning Challenges*, GAO/GGD–98–44 (January 1998), at p. 3.

ply to ensure that the plans complied with the technical requirements of the law.

*Fiscal year 1999 performance plans*.—The first round of performance plans, which covered fiscal year 1999, were submitted in February 1998 as scheduled. However, GAO and Congressional evaluations of those performance plans found they tended to repeat, instead of rectify, the shortcomings of the strategic plans. A June 9, 1998 letter from Congressional leaders to the Director of OMB listed the following major recurring problem areas in the plans:

—The strategic plans did not lay a good foundation for the performance plans.

—The depth and breadth of data problems facing most agencies became even more pronounced in the performance plans.

—Performance goals and measures were not as results-oriented as they should have been; some goals were not even objective, quantifiable, or measurable.

—The plans failed to link performance goals and measures to individual programs and day-to-day agency activities.

—The performance plans showed little evidence of coordinating cross-cutting programs and activities.

—Few agency performance plans dealt effectively with major management problems.

A subsequent GAO report on its evaluations of the fiscal year 1999 performance plans reiterated the same concerns:

> "Most of the plans that we reviewed contained major weaknesses that undermined their usefulness in that they (1) did not consistently provide clear pictures of agencies' intended performance, (2) generally did not relate strategies and resources to performance, and (3) provided limited confidence that agencies' performance data will be sufficiently credible." [10]

*Fiscal year 2000 performance plans*.—In February 1999, Federal agencies submitted their second round of annual performance plans, which cover fiscal year 2000. GAO once again reviewed the performance plans for the 24 Cabinet departments and major independent agencies and reported its findings.[11] GAO found that, on the whole, the fiscal year 2000 plans showed "moderate improvements" over the fiscal year 1999 plans and contained better information and perspective. However, according to GAO, "key weaknesses" remain and important opportunities exist to improve future plans. Specifically, GAO listed the following key weaknesses in the plans:

—Attention to mission-critical management challenges and program risks is not consistent.

—Coordination of crosscutting program areas needs additional effort.

—Presentations of how agencies' human capital and management resources and strategies will be used to achieve results are insufficient.

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[10] *Managing for Results: An Agenda to Improve the Usefulness of Agencies' Annual Performance Plans*, GAO/GGD–AIMD–98–228 (July 1998), at p. 3.

[11] *Managing for Results: Opportunities for Continued Improvements in Agencies' Performance Plans*, GAO/GGD/AIMD–99–215 (July 1999).

—Confidence that performance data will be credible is limited.

It is a positive sign that most agencies are improving their plans and moving in the direction of becoming more performance-based. However, the key weaknesses in most of this year's plans are largely the same ones as last year—lack of credible performance data, lack of specific commitments to solve major management problems, and failure to coordinate overlapping programs.

With respect to data reliability, GAO found that 20 of the 24 major agencies' fiscal year 2000 plans provided little confidence that they could produce credible performance data. Even for the other four agencies, GAO expressed less than full confidence in the credibility of their performance data. The GAO report stresses the seriousness of this problem:

> "The inattention to ensuring that performance data will be sufficiently timely, complete, accurate, useful, and consistent is an important weakness in the performance plans. *Ultimately, performance plans will not be useful to congressional decision makers unless and until this key weakness is resolved.*"[12] (emphasis added)

The same data problems associated with the performance plans threaten to undermine the usefulness of the upcoming Results Act performance reports. Therefore, it is essential that these problems be remedied if the Results Act is to accomplish its fundamental purpose of demonstrating to the American people what the Federal government is accomplishing in a concrete and credible way.

With respect to major management problems, GAO found that agency fiscal year 2000 plans adopted specific and measurable performance goals to address only about 40 percent of the core management problems in their fiscal year 2000 performance plans. Core management problems seriously undermine the Federal government's performance and leave it vulnerable to billions of dollars in waste, fraud, abuse, and mismanagement. The GAO report noted that these problems "must be addressed as part of any serious effort to fundamentally improve the performance of Federal agencies."[13] The key to addressing them is for agencies to adopt specific performance commitments for which they can be held accountable under the Results Act. There is much room for improvement here.

The Federal government is rife with overlapping agencies and multiple programs directed at the same problems. Congress has emphasized the need for agencies to develop complementary performance goals and measures, both to ensure consistency among overlapping programs and to provide a basis for comparing performance results. Yet, GAO found that few of the fiscal year 2000 performance plans discussed strategies for coordinating overlapping programs and establishing complementary performance goals and measures. The Results Act strategic and performance planning requirements offer the ideal opportunity to develop shared performance goals and indicators and provide an excellent venue for coordinating crosscutting programs.

[12] Id. at p. 7 (Emphasis supplied.)
[13] Id., p. 13.

*Need for OMB leadership*.—Congress has repeatedly stressed the need for greater leadership by OMB to strengthen implementation of the Results Act and enhance the usefulness of Results Act plans and information. However, leadership by OMB has not been forthcoming. Indeed, quite the opposite has occurred. One example of this is OMB's failure to meet its specific statutory obligations with regard to performance budgeting pilots. Section 6(c) of the Results Act, codified at 31 U.S.C. 1119, required the Director of OMB to designate not less than five agencies as pilot projects in performance budgeting for fiscal years 1998 and 1999. Despite the specific requirements of the law, OMB informed Congressional leaders in a letter dated May 20, 1997, that it was "delaying the start" of the pilots until 1999 in order to "allow agencies to concentrate on the more immediate task of developing their performance plans." OMB did not designate the pilots in 1999 either, and now says they will be designated in fiscal year 2000.

This Committee wishes to reiterate the need for OMB to provide strong leadership and support to agencies in implementing the Results Act. The Committee also wishes to express its specific concern over OMB's failure to meet its statutory obligations for the performance budgeting pilots. As discussed previously, linking funding decisions to program performance is a key purpose of the Results Act. This is also a very challenging task. The performance budgeting pilots constitute the important first step for testing different approaches to this task—and a step that cannot be delayed further.

## II. STATEMENT OF PURPOSE

This special report by the Senate Appropriations Committee analyzes the impact of the Results Act on the appropriations process. The report addresses by subcommittee the following :

—An evaluation of agency goals and measures for its key programs and activities to determine whether the goals and measures are results-oriented, reasonably challenging, and subject to reliable measurement;

—An examination of cross-cutting programs and activities and duplicative programs and activities;

—An analysis of agency information sources and agency data reliability;

—An examination of the status of high risk problems within certain agencies;

—A review of the consultation process between agencies and the Appropriations Committee staff; and

—An evaluation of the usefulness of the performance plans to the Committee staff.

The report does not cover every Federal entity covered by the Results Act. However, it does review those agencies which are responsible for major Federal programs and activities and, as a result, have sizable budget requests presented to Congress.

The production of this report has given Committee staff an opportunity to better understand the purpose and requirements of the Results Act. Its production has further served as an incentive for Committee staff to communicate with agency personnel on agency compliance with the Results Act's requirements. And, finally, both Committee members and staff have engaged in a thoughtful analysis of the impact of the Results Act on the appropriations process.

## III. SUBCOMMITTEE ANALYSIS

## SUBCOMMITTEE ON AGRICULTURE, RURAL DEVELOPMENT, AND RELATED AGENCIES

## DEPARTMENT OF AGRICULTURE

### AGRICULTURAL RESEARCH SERVICE

The Agricultural Research Service [ARS] has developed an outcome oriented strategic plan and, in accordance with GPRA workgroup recommendations, streamlined its more than 1,100 research projects into 23 integrated National Research Programs in order to more effectively manage the research program. The principal tool for moving the agency towards a greater focus on performance management is the full development and implementation of these National Programs.

This organization of National Programs represents a complete change in the way ARS manages its research program. In the ARS Annual Performance Plan covering fiscal years 1999 and 2000, the Agency specifically identifies performance measures that will be met if Congress concurs with the budget request.

The 23 new National Programs are the principal components of the Agency's approach to programmatic accountability. The National Programs support the ARS Strategic Plan and are focused on specific short and long term goals. Performance information is the basis of the Annual Performance Report. The National Programs unit also plans to comprehensively review its performance information data gathering efforts before it begins to collect information on fiscal year 1999 performance.

The goals and measures of the ARS are focused on the most important objectives of the agency. For example, one of the agency's goals is to ensure an adequate food supply and improved detection, surveillance, prevention, and educational programs for the American public's health, safety, and well-being. Through this goal ARS will work to improve vegetable oils, decrease dependence on herbicides, improve crop pollination, and develop a vaccine for bloodborne bacterial disease or farm raised foodfish. These goals and measures are results-oriented to help improve the safety and health of agricultural products. These goals are challenging and can realistically be met and are subject to reliable measurement.

As far as cross-cutting programs and activities, the ARS will develop scientifically defensible guidelines and decisionmaking tools to assist the Natural Resources Conservation Service [NRCS] in developing nutrient management plans for phosphorus and animal manure application. Tools will be provided to establish agronomically and environmentally sound threshold soil phosphorus levels, determine phosphorus-based manure application rates, and select effective remedial strategies to minimize phosphorus loss to surface waters. This will assist States and national regulatory agencies in meeting their mandates to revise the nutrient management planning process of Confirmed Animal Feeding Operations and provide criteria for managing nutrients in water bodies as requested in the Clean Water Action Plan. Also, ARS will finalize the development of methods with NRCS to reduce the transport of weed seeds, microbes, and pathogens in water flocculants.

The performance goals specified in the Annual Performance Plans are directly linked to the agency's Strategic Plan in order to develop a consistent internal movement towards more outcome-oriented research. ARS has demonstrated its commitment to programmatic accountability through this internal change as well as its action in developing an Annual Performance Plan for fiscal years 1999 and 2000, one year ahead of the statutory requirement.

After considerable internal studies and discussions with other Federal research agencies, ARS determined that it could not effectively display its research accomplishments or the reliability or credibility of its research through empirical or numerical metrics as sought by GPRA. These methods were attempted, but the results did not remotely address the intent of GPRA. After arriving at this conclusion, ARS requested a waiver under GPRA in order to use a narrative approach to demonstrate this information. This request was approved by OMB. The result was the identification of approximately 150 specific anticipated accomplishments for each year that, if achieved, will allow ARS to meet its performance goals.

The creation of National Programs as well as the other performance goals of ARS will prove useful in strengthening the interaction between ARS and its customers, partners, and stockholders. This process of goal setting and achievement will also be key in demonstrating to the Subcommittee the value of funding and dedication of the ARS to progress through the agency's specific request and demonstration of need.

Although ARS is an agency making strides to comply with GPRA regulations, its performance plan, when evaluated, left some things to be desired. While its report contained objective, measurable, and quantifiable goals, it lacked the means to measure progress in certain areas. The plan lacked baseline and interim performance data needed to ascertain progress toward meeting goals. One example of this is the clarity of the linkage between performance and strategic goals. In addition to these shortcomings, ARS's performance in the areas of consultation and interaction with the Subcommittee have been less than satisfactory.

## Farm Service Agency

The goal of the Farm Service Agency's [FSA] is to provide an economic safety net through farm income support to eligible producers, cooperatives, and associations to: (1) help improve the economic stability and viability of the agricultural sector, and (2) ensure the production of an adequate and reasonably priced supply of food and fiber. In addition, FSA works to enhance the economic safety net for farmers and ranchers and to open, expand, and maintain global market opportunities for agricultural producers. The goals and measures are results-oriented because FSA is working to improve the effectiveness and efficiency of commodity acquisition, procurement, storage, and distribution activities to support domestic and international food assistance programs, and to administer the U.S. Warehouse Act. These goals are reasonably challenging and can be realistically met.

FSA's performance plan provided a clear picture of the Agency's intended performance across the agency, including a means to measure progress towards expected performance. This agency was also recognized for its crosscutting effort with the Commodity Credit Corporation to protect communities' water supplies against chemical contamination; to this end, both FSA and the Corporation operate hazardous waste management programs. Although FSA's performance plan briefly discusses both programs, the plan does not address whether or how activities under these programs will be coordinated to ensure that the programs work in concert to achieve their common goal. In a similar fashion, FSA and the Natural Resources Conservation Service [NRCS] each administer programs designed to take environmentally sensitive lands out of production to, among other things, conserve soil, protect water quality and provide habitat for wildlife. Once again, while each agency's performance plan describes these programs, neither of the two describes the correlation between the two.

The FSA has taken several specific steps to comply with the Results Act. One of its major steps has been the installation of the Senior Management and Controls Committee [SMCC]. This committee provides leadership, commitment, and guidance to the agency's strategic planning program. The committee also provides strategic direction for the agency by establishing strategic goals; overseeing development and implementation of Agency Strategic and Annual Performance Plans; and communicating GPRA results to Congress, the Administration, customers, and other stakeholders.

The Agency also established the Strategic Management and Corporate Operations Staff within the Office of the Administrator, which works closely with the SMCC to carry out the Agency's strategic management initiatives. The FSA established key contacts in each program and administrative area that are responsible for developing, implementing, and monitoring performance goals and measures. In compliance with GPRA requirements, FSA developed a Strategic Plan for fiscal years 1997–2002 and Annual Performance Plans for fiscal years 1999 and 2000.

The Farm Loan Program annual performance goals and measures are reflected in the goals for each State. These goals and measures were developed to achieve the desired results outlined in the strategic plan. The State Executive Director for each State is held responsible for achieving these goals. This is just one example of FSA practicing performance-based business.

Another example is the complete review of the Agency's commodity procurement and licensing and examination procedures being conducted by the Deputy Administrator for Commodity Operations. This review involves industry and customer interviews, development and analysis of alternative ways of conducting these functions, and cost analysis of such alternatives. This review will result in recommendations to improve the efficiency and performance of the licensing and procurement operations, and the review team will learn the importance of knowing what customers want and being pro-active in meeting customers' needs.

Additionally, FSA's Administrator has a separate performance agreement on Equal Employment Opportunity/Civil Rights [EEO/CR] which includes specific goals and measures by which the Administrator will be rated. The Agency's Deputy Administrators' Performance Plan contains a performance element and standards directly linked to accomplishment of the Administrator's EEO/CR goals.

Performance information is being used to manage this agency. Starting in June 1999, program managers were responsible for monitoring performance data and submitting quarterly reports to the Strategic Management and Corporate Operations Staff. Monitoring performance on a quarterly basis allows the Agency to make adjustments in a timely manner, helping to ensure achievement of performance goals.

The FSA has become a more performance-oriented agency, as evidenced by the amount of direct program changes it has made in both farm and commodity related programs. In addition to these changes, FSA has gone to great lengths to install internal systems to achieve these performance goals.

The Annual Performance Plan encompasses all program activities included in the agency's budget request and reflects the program activities associated with identified goals. This linkage enables decision makers to assess the full time equivalent positions and funding requirements of achieving annual performance goals. Performance goals were developed for each FSA budget account. These measures are incorporated in budget material to indicate expected performance to be achieved based on available funding. The FSA has no plans to make changes to this structure in the near future since this direct linkage is sufficient to analyze performance and meet GPRA requirements.

FSA was not able to report the balance of its data by the deadline specified by GPRA for the fiscal year 2000 performance plan. The areas where data is not specified and a reason for the lack of data are going to be included in the Annual Performance Report, accompanied by an explanation supporting the reason data is unavailable and anticipated time frames to obtain the data.

During the period that the Subcommittee was making funding decisions, there was no consultation or interaction with FSA staff. There was no agency input to help the Subcommittee understand FSA's reasoning for funding requests or intentions. The information provided in the performance plan was moderately useful but had minimal influence on funding decisions.

## FOOD AND DRUG ADMINISTRATION

The Food and Drug Administration [FDA] has focused on the most important objectives of its programs by its strategic goal to reduce the possibility of food-related injuries and improve the health and well being of consumers by ensuring that decisions related to approving petitions and notifications are scientifically justified and benefit the public health. One of the most important program strategic goals of the FDA is to reduce human suffering and enhance the quality of public health by providing quicker access to important, lifesaving drugs, and to assure the American public of the availability of safe and effective drugs. The goals and measures are results-oriented because they seek to improve the safety of foods, human drugs, and medical devices. The goals and measures are challenging because of the complexities faced in making available a safe and effective drug supply. The goal of ensuring timely review for medical devices can be met, but a backlog of drug approvals still exists. The goals and measures are subject to reliable measurement and are also balanced among competing demands. The FDA and the Food Safety and Inspection Service [FSIS] demonstrate cross-cutting programs and activities as they both safeguard the public interest in food safety.

The FDA expects to have reliable data for each performance goal. Depending on the nature of the goal statement, either metric, milestone or system improvement, the data will be presented either numerically or descriptively. Strengths, weaknesses, or other qualifying statements will provide additional information about the agency's performance toward the goal. FDA's Office of Planning and Evaluation produces guidance documents and training programs and arranges individual consultations with program managers to promote good performance planning practices. An important aspect of that guidance has been information about data reliability, verification and validation. Since March 2000 will be the first time that results will be reported, there was a considerable amount of discussion during calendar year 1999 on strategies to assure data reliability. FDA acknowledges that by the time they report on the fiscal year 2000 performance goals in 2001, they expect to be more proficient at managing and reporting performance information. The agency did not consult with the Subcommittee on its performance plan. The FDA's performance plan is more informative than other performance plans that have been reviewed. However, much information is presented, and it is a bit overwhelming.

### FOOD AND NUTRITION SERVICE

The Food and Nutrition Service [FNS] has a Strategic Plan which outlines the goals it plans to achieve incrementally by fiscal year 2002. The agency has also developed the fiscal years 1999 and 2000 Annual Performance Plans, which support the Strategic Plan and specify annual goals and objectives.

FNS has incorporated most program and policy changes into its annual performance plan. Goals are results-oriented and linked to the specific budget requests. The resources required to achieve these goals are provided in the Annual Performance Plans at the strategic goal level. A matrix format is used to link these resources to the major program activities outlined in the Program and Financing schedules.

The agency's performance goals show that coordination exists among other agencies in USDA and the Government regarding its programs and activities. These include the project FNS is coordinating with the States and the Electronic Benefits Transfer Council of the National Automated Clearinghouse Association, and the Social Security Administration to ensure that food stamp benefits are not issued to the deceased, and the Economic Research Service [ERS] which manages the research programs for the food assistance programs at FNS. FNS has made a strong effort not to duplicate research programs performed by the ERS.

FNS uses data such as Food Stamp Program participation, school lunch and breakfast meal service data, general economic indicators, and demographic data as the basis for budget projections. The program performance data generates the necessary information to support its performance plan and budget requests. However, FNS does have a number of performance indicators for which reliable data will not be available for inclusion in the first Annual Performance Report because validation of administrative data is not possible by using evaluations or other independent mechanisms. The agency is working to revise its strategic plan to better reflect its unifying mission and purposes and to make the plan more useful as a strategic management tool. The agency claims that the loss of funding for studies and evaluations to ERS has significantly hampered its ability to develop new analytical and evaluation tools to measure and report performance.

FNS has faced the task of cracking down on fraud, waste, and abuse associated with the Food Stamp Program for many years. Several reports from the Office of Inspector General and the GAO have addressed this problem. The agency faces this fraud and waste by overpayments to food stamp recipients and by food stamp trafficking. The agency's performance goals include an increase of 38 States delivering food stamp benefits through the Electronic Benefits Transfer which is thought to decrease the trafficking of food stamps. The performance goals also reflect the agency's dependence on grocery stores to properly handle food stamps as an external factor that affects the agency's ability to achieve this goal. To address this, the plan cites that the agency promulgated rules for participating stores to follow and instituted a system of sanctions that may be applied to stores that violate the rules.

The Subcommittee was not consulted regarding the agency's performance plan. The agency is currently integrating all of its current planning activities, including the development and execution of strategic and annual performance plans, into a single process that will involve all FNS staff including the budget staff. This will ensure that all the employees involved with Federal nutrition assistance will understand and achieve the agency's key goals and objectives.

The agency does not plan to make any changes in the account structure since the current budget structure is set up by major program and account activity. The performance plan is informative to the Subcommittee and is useful in providing oversight and making budget decisions for the FNS because the linkage with the goals and plan cross-link to the budget priorities presented in the President's budget request.

## Natural Resources Conservation Service

One of the main performance goals of the Natural Resources Conservation Service [NRCS] is a healthy and productive land that sustains food and fiber production and functioning watersheds and natural systems, enhances the environment, and improves urban and rural landscapes. The achievement of these performance goals supports achievement of USDA's goal to promote sustainable production of food and fiber products while maintaining a quality environment and strong natural resource base. The goals and measures are results-oriented through assistance to producers to: (1) plan and apply systems to protect and enhance cropland and grazing lands, (2) protect water against agricultural nonpoint sources of pollution, (3) protect watersheds against flood damages, and (4) preserve land for agricultural use. All of NRCS's goals are challenging and can be realistically met.

The performance goals established in the agency performance plan are cross-cutting goals that are supported by multiple activities in the budget structure. The performance goals provide a way for managers and the public to see the outcome on the landscape that results from the agency's services that are funded through separate accounts. This comprehensive view of agency performance is not possible when performance is measured program-by-program.

The agency performance plans for fiscal years 1999 and 2000 include a summary table that quantifies the relationship between each program and resource objective in the agency strategic plan. For programs that support multiple objectives, however, allocation among objectives is only estimated. The combined data that will be available from the new time and attendance reporting system, the performance measurement system and the workload analysis activity will provide information for planning and will be the basis for allocation of funds, enabling managers to ensure that funds and time are expended on the objectives that were intended.

In addition to the cross-cutting goals, each program in the budget structure continues to set program-specific goals for activities and outputs that must be achieved in order to attain the higher-level performance measures.

The Chief of the NRCS has ensured that there is a clear focus on performance-based management at the highest level. The Chief realigned the headquarters structure, consolidating responsibility for strategic planning, performance planning and measurement, budget allocation, and oversight and evaluation under a Deputy Chief for Strategic Planning and Accountability. The new Deputy Chief was directed to develop and implement a new accountability system that would provide a balanced, reliable, and timely picture of the agency's performance. The system will enable agency managers to estimate the effect of programs on the condition of natural resources systems, assess the cost-effectiveness of service delivery, identify opportunities for process improvement, and respond to customers' needs with strategies and assistance tailored to local conditions. Also, action has been taken to ensure that reliable high quality information is available to achieve performance-based management within NRCS. In fiscal year 1999, the agency began implementation of the new accountability system, which includes data in three major categories.

Action has been taken to ensure that funding is linked to performance. New procedures are being implemented to define performance expectations when budgets are allocated to managers.

Agency-wide goals for key performance measures are set in the agency performance plan, based on the long-term goals in the strategic plan. In addition, goals for program-specific activities or outputs are established. As the performance measurement system becomes fully operational, specific State goals will be established for each performance measure. An appropriate element will be included in State and regional conservationists' individual performance appraisals. The regional conservationists will monitor the progress of States for which they are responsible and hold State conservationists accountable for meeting goals. The Deputy Chief for Strategic Planning and Accountability will monitor performance nationally and report to the Associate Chief, who will hold Deputy Chiefs and regional conservationists accountable.

Measurable long-term outcome strategic objectives that support the agency's mission are established in the strategic plan. Annual performance goals are set to move toward achievement of the strategic goals and objectives. Line managers will be assigned responsibility for specific portions of each agency goal when they receive their allocation for a fiscal year. They will develop operating budgets that use their funds and staff to meet the established goals and conduct all activities needed to achieve the goals. Employees will report their accomplishments on key performance measures on a continuous basis and will report how their time was spent by program and major activity. Data will be available on a real-time basis so that employees and first-line supervisors can monitor progress. Senior managers will review performance and financial data periodically to ensure efficient and effective use of resources and to take corrective action when necessary.

In addition to the changes in management information systems, NRCS has established a team to analyze field office operations and identify internally-imposed requirements and procedures that add little value and reduce the time that front line staff can devote to direct services to customers. NRCS is implementing the team's recommendations, thus allowing employees to focus more attention on directly serving customers and completing high priority conservation work.

NRCS is developing plans to ensure that all agency personnel maintain the level of technical expertise essential to meeting goals. An interdisciplinary team conducted a review of how the agency delivers appropriate conservation technology to field personnel and made recommendations for improvement, which NRCS is implementing. A separate review of training for the field offices has resulted in a comprehensive catalog of available training, including self-paced, satellite, agency-provided formal course-work, and non-agency training. The review made further recommendations for improving technical training.

When NRCS's accountability system is fully implemented, it will have more detailed information on results achieved and the time required to achieve them by geographic area. NRCS will be able to more accurately estimate expected performance at alternative levels of funding than was possible with information available earlier, which generally supported only generalized national estimates. NRCS will be able to identify the causes of any shortfall in expected performance and to determine corrective action needed. Where reliable information demonstrates that performance shortfalls result from insufficient resources directed to a problem, NRCS will provide Congress with a firm basis for making its decisions on future funding.

The fiscal years 1999 and 2000 performance plans include a summary table that attempts to allocate all agency funds among the natural resources objectives established in the strategic plan, thereby indicating the full costs associated with the objective. NRCS time and financial systems in the past have not been designed to track costs by resource outcome. Therefore, at present NRCS can only estimate full costs of objectives.

NRCS has had two Results Act briefings for the Subcommittee over the last fiscal year. The performance plan is informative and will be extremely useful as a tool to pinpoint the agency's use of salaries and expenses, which is not specifically addressed in past budget submissions.

## SUBCOMMITTEE ON COMMERCE, JUSTICE, AND STATE, THE JUDICIARY, AND RELATED AGENCIES

### TITLE I—DEPARTMENT OF JUSTICE

The Justice Department is responsible for the investigation and prosecution, the detention of those accused, and the imprisonment of those convicted of Federal crimes. Justice also distributes billions of dollars in grants to State and local law enforcement agencies.

Justice has aggressively pursued the development of performance measures. GPRA performance measures are a routine part of annual budget submissions. Component agency strategic plans, which lay out core missions and goals, are used to formulate individual "contracts" for key managers. These contracts describe agency expectations for a given manager and are the basis upon which a manager's competence is judged.

The Subcommittee should exercise judgment in using GPRA-inspired performance measures to judge the success or failure of an agency. Oftentimes, the easiest factors to quantify are the least revealing. For example, the number of arrests made by an agency is easy to count and catalog. However, total arrests provide no insight as to the quality of those arrests. To be of value, total arrests must be cross-referenced with total successful prosecutions. Similarly, performance measures can generate perverse outcomes at odds with agency goals. In counting successful prosecutions, for example, were tough but far-reaching prosecutions avoided in favor of easy but insignificant cases in order to boost a score? Does counting prosecutions prompt a "win at all cost" mentality among attorneys that has nothing to do with the pursuit of justice? GPRA will not eliminate the need for careful analysis on the part of the Subcommittee.

GPRA-generated data may also fail to address key Subcommittee concerns. The single biggest concern the Subcommittee has with Justice is the inability to get clear insight into the details of billions of dollars of "base" funds included in the Department's budget. Performance measures matter little when the Subcommittee is unable to ascertain how money is being spent beyond vague "object classes" that obscure as much as they illuminate. For example, though counter-terrorism is a core mission for Justice, though reams of material on the strategies and tactics of combating terrorism have been generated, and though very definite measures of effectiveness exist, the Subcommittee still cannot determine how much money the FBI is spending on Special Weapons and Tactics and sniper teams in its field offices and on the Hostage Rescue Teams in Quantico, Virginia. GPRA is not well-suited to identify budget issues.

# TITLE II—DEPARTMENT OF COMMERCE AND RELATED AGENCIES

## International Trade Commission

The International Trade Commission (the Commission) is a nonpartisan, quasi-judicial agency that serves as a fact-finder, investigator, and adjudicator with regard to Federal trade practices. The Commission's performance plan is comprehensive and includes many good ideas on improving the Commission's method of conducting its investigations and providing information to its users. The goals stated in the plan do focus on the two most important functions the Agency has: its adjudicative/investigative function and its research/fact finding function. However, the performance plan divides the Agency's functions into five groups. The performance indicators for these groups seem to overlap for the investigations and then again for the research program, trade information services, and trade policy support.

The performance goals are reasonably challenging and reflect a balance among competing demands upon the Agency; yet, they do not sufficiently link individual employee performance to the obligations of the Commission. The Results Act was implemented as a means for government agencies to re-evaluate programs for effectiveness and efficiency. The performance measures are to be linked to results of individual's efforts. The Commission's plan is not totally in-step with this vision.

One performance measurement the Commission proposes is to track how long an investigation takes. The length of time that a case or investigation remains open does not necessarily indicate the Commission's efficiency or effectiveness in working on it. Performance may be better linked to hours each individual spends working on a task and the number of employees needed to accomplish each activity.

The Subcommittee noted that the performance indicators as stated do not seem to include quality control mechanisms while emphasizing timeliness. It is desirable to shorten procedures as long as the integrity of the outcome is not jeopardized. The Commission's intention to maintain the quality of its products has been mentioned to the Subcommittee, although not explicitly in the strategic plan. The Commission found that the Results Act focuses on objectively measurable goals, and it had difficulty in structuring its plan because statutory requirements direct how investigations are conducted, thus limiting the Commission's ability to make meaningful goals.

According to the plan, the Commission intends to measure its performance results in part by providing surveys to participating individuals and commissioners to get those individuals' subjective feedback on how the Commission is doing and what would be more useful to the Commission's consumers. Although this type of input is worthwhile, its subjective nature may make the data's reliability questionable. The Subcommittee was informed by the Commission that it believes that it will have reliable data for all performance measures for trade information services by March 2000.

The Subcommittee would be interested to learn more about how the Commission incorporates similar activities within the different investigations it undertakes to make the processes more effective.

The Subcommittee is concerned by the Commission's third strategic goal of obtaining increased use of its research products. The Subcommittee endorses making trade information more readily available to those individuals who request it. However, the Commission's choice of measurement is perplexing since it requires obtaining software (which the Commission is not sure is available at a reasonable cost) that will allow the Commission to search for mentions of its name and trade reports in Congressional debates. This is not an effective use of the Commission's scarce resources. Another stated performance indicator of this goal is to count the number of Members of Congress that testify as witnesses in hearings. Because Members of Congress are not employees of the Commission, their testimony is not indicative of the Commission's performance. This does not seem to be relevant to how accurate the Commission's trade reports are or whether its investigations and adjudications are fair.

The Commission's plan is clear and coherent so that it informs the reader. The plan's annual performance goals, the mission, and the strategic plan reflect the same concepts and ideas. The creation of the strategic plan forced the Commission to reevaluate its objectives and formally establish goals and measurements. However, in discussions with the budget staff, it appears that true linkage of the performance plan, strategy, and goals with daily activities and the budget process has not occurred. Compliance seems to generate more work and additional paper that were not previously part of the Commission's working framework.

The Subcommittee notes that the Commission staff has made extra efforts to consult with this Subcommittee about how it can improve its budget presentation to better meet the needs of Congress. Currently, the strategic plan is helpful to the Subcommittee in giving an overview of how the Commission intends to function. The strategic plan would be of more assistance to appropriators if it provided more details, such as how many investigations would be completed within a given quarter of time. This is information that a budget office usually compiles as part of its budget formulation process, and it would be relevant to both the budget and the strategic plans. Overall, the Subcommittee would like to see the Commission perfect its goals by focusing more on items it currently documents without having to implement new systems with possibly unreliable results.

## DEPARTMENT OF COMMERCE

The Department of Commerce Annual Performance Plan (Plan) for fiscal year 2000 outlines 3 strategic themes. Given the diverse missions of the Department's myriad agencies, the Plan is stronger in some areas than others. For example, it is easier to quantify and measure increased lead time for severe weather warnings than it is to determine whether the Department is successful in advancing "the public interest in telecommunications, mass media and information." In general, the Department's Plan presents reasonable programmatic goals and adequate means to measure their achievement. However, the portions of the Plan describing the Department's management strategy seem to lack the detail and focus found in the Plan's programmatic activities.

For example, the Subcommittee continues to be concerned about the Department's ability to manage its finances. The Plan does not provide sufficient detail about steps the Department plans to take in fiscal year 2000 to improve its financial management systems. Millions of dollars have been appropriated to assist the Department in updating its financial management systems, and little detail is provided in the Department's Plan to outline how these funds were spent and what steps will be taken to improve the management and control of the significant resources provided by Congress for Departmental programs. It is reasonable for the Subcommittee to expect the Plan to provide a timetable for the deployment of a new Department-wide financial management system by agency. It is not enough for the Department to say that its goal is clean financial audits as if such audits are in and of themselves sufficient proof of improved financial management. The Department's need for improved financial management has been a concern of the Subcommittee for the past 3 fiscal years, and was the subject of an Inspector General report in fiscal year 1997. The failure of the Department to outline specific goals and procedures to implement improved financial management and controls undermines the credibility of its detailed programmatic performance goals. In short, if the Department cannot account for funds it is given to conduct programs, how can the Subcommittee determine if the goals are being effectively and efficiently achieved?

Of particular concern in this regard is the decennial census. The Plan states that a new pilot financial management system was implemented at the Bureau of the Census in fiscal year 1998. The only information provided in the Plan about the pilot was that a major accounting firm "completed an Independent Verification and Validation * * * of the pilot." The decennial census has been identified by the GAO as a high-risk program which could have problems. The financial management of the decennial census is given inadequate attention in the Department's Plan, which is unacceptable to the Subcommittee.

The Subcommittee expects the Department's future Plans to more fully integrate financial management and controls with programmatic goals. Program goals and the funds to achieve these goals are not mutually exclusive concepts, and the Department would do well to recognize this.

## TITLE III—THE JUDICIARY

While the Federal judiciary is not covered by GPRA, it does incorporate many GPRA tenets into its budget planning procedures and has responded to the Subcommittee in that context. The judiciary's goals are results-oriented. The annual statistics provided to the Subcommittee about the number of cases adjudicated, appeals heard, etc., tell little as to efficiency of the Federal judiciary. It would be helpful if GPRA tenets were used by the judiciary to demonstrate to the Subcommittee how it is making strides in controlling what it believes to be uncontrollable costs, such as rental payments and staffing. For example, the Subcommittee has difficulty understanding substantially increased staff requests every year when computer modernization and other technological advances should have made court procedures much more efficient.

The judiciary's workload is largely controlled by what crimes the Congress federalizes. Since the judiciary has no control over what crimes will be committed in the next fiscal year, it must rely on estimates for its budget requests. In many instances the judiciary has done a good job of estimating future requirements. The Subcommittee believes that this intense focus on planning for unknown budget scenarios has distracted the judiciary from another important goal of ensuring that the cases it administers are handled in an expedient and efficient manner.

## TITLE IV—DEPARTMENT OF STATE

The State Department (State) is responsible for the conduct of foreign affairs. State is struggling to develop meaningful performance measures. Not only is the art of diplomacy nearly impossible to quantify, but the conduct of American foreign policy is subject to so many outside influences—the President, Congress, interest groups, other nations, international, non-governmental, and transnational organizations, and international business—that attributing success or failure solely to State in any overseas endeavor is misleading at best.

This will prove frustrating to the Subcommittee. GPRA-related measures of effectiveness will be most beneficial in judging administrative support: information technology, construction and maintenance, security, and the like. Judgments regarding United States interactions with other nations will likely remain highly subjective. Partisan differences will further complicate a clear-eyed analysis of the effectiveness of State initiatives.

## TITLE V—RELATED AGENCIES

### COMMISSION ON CIVIL RIGHTS

The Commission on Civil Rights has had some difficulties in the past with program planning and budgeting. The agency seems to be making a concerted effort to improve financial management and control by requiring more in-depth management reports which tie current activities to resources used according to project plan and to link account and activities to budget justifications.

### FEDERAL COMMUNICATIONS COMMISSION

The Federal Communications Commission [FCC] is in the process of updating its financial management systems and its cost accounting system to permit the agency to more efficiently capture performance management data. The FCC has held several hearings with industry, consumers, State and local governments and other interested parties to gauge improvements which could be implemented to improve agency performance.

The Subcommittee observes that whether or not Congress approves any future restructuring of the agency, it is critical that the FCC continue to make improvements in its operations based on its current structure, particularly with regard to backlogs in consumer complaints and pending applications. The Subcommittee further notes that the FCC has indicated difficulty in using the Results Act as a basis for funding requests because the "timing between the assessment of performance and the submission of an agency's budget is not synchronized." The Subcommittee considers this a good observation and raises a question about whether the Results Act can be used uniformly as a management tool government-wide.

### FEDERAL TRADE COMMISSION

The Federal Trade Commission [FTC] has instituted quarterly reviews of its performance measures and its budgetary resources. The agency appears to have institutionalized these reviews to be able to use information gained in its annual budget process. The FTC has advised the Subcommittee that it has used the process to streamline agency operations. The agency's budget submission effectively tied its strategic plan to its request.

### MARITIME ADMINISTRATION

The Maritime Administration [MARAD] in the Department of Transportation is responsible for administering several programs for the maritime industry relating to U.S. foreign and domestic commerce and for national defense purposes. These include operating the Maritime Security Program, the Merchant Marine Academy, and the Title XI loan guarantee program.

MARAD appears to be moving in the direction of results-oriented goals, and its mission and goals are relatively easy to meet. One measure of MARAD's effectiveness is the Title XI loan program. The Subcommittee can easily observe the program's operation, and it appears to be working efficiently and as designed.

While MARAD does have a different jurisdiction than the Federal Maritime Commission, it would seem that these two small agencies could be combined, and perhaps some budgetary savings and efficiencies might be realized.

### FEDERAL MARITIME COMMISSION

The Federal Maritime Commission (the Commission) is an independent regulatory agency charged with administering several laws relating to the waterborne domestic and foreign offshore commerce of the United States.

The Commission's goals are fairly well defined and can be met, and its programs and goals are oriented toward meeting those objectives. Recently, its main focus has been on implementing the Ocean Shipping Reform Act. This implementation is not easily observed by the Subcommittee, and the Results Act might be better used by the Commission to demonstrate to the Subcommittee the problems with this implementation. Furthermore, the Commission could show how it is meeting the goals of the statute and how it plans to avoid unintended consequences in the process.

While the Commission does have a different jurisdiction than the Maritime Administration, it would seem that these two small agencies could be combined, and perhaps some budgetary savings and efficiencies might be realized.

## SUBCOMMITTEE ON DEFENSE

### I. PERFORMANCE GOALS AND MEASURES

The Department of Defense [DOD], in its Results Act Performance Plan for fiscal year 2000, has compiled a comprehensive plan designed to implement a management strategy based on the Quadrennial Defense Review [QDR] submitted to Congress in May of 1997.

In 1997, Secretary of Defense William Cohen announced some specific goals of the QDR when he unveiled the plan to the press:

> "First, that the defense strategy developed in the QDR process must be the basis for all other QDR decisions and analyses. The success of the QDR is directly a result of our ability to adhere to the principle that the QDR be strategy-based.
>
> "Second, that we should not make any unrealistic assumptions about the threat, about operations, about support costs which have been consistently underestimated in recent years, and about those program schedules and costs as well, so I wanted realistic assumptions." [1]

DOD is in a unique situation when it comes to projecting plans into the future. DOD budget submissions are based on Five-Year Defense Plans [FYDP]. The Results Act Performance Plan for fiscal year 2000 should be nothing more than a road map on how to implement that budget, using the QDR as a parallel document.

The QDR sets out very clear, specific goals for DOD's long-term strategy and mission goals. According to the report submitted to Congress, "Building on the President's National Security Strategy, we determined that U.S. defense strategy for the near and long term must continue to shape the strategic environment to advance U.S. interests, maintain the capability to respond to the full spectrum of threats, and prepare now for the threats and dangers of tomorrow and beyond." [2]

DOD, in its fiscal year 2000 report, has revised prior goals from a series of six corporate goals into two corporate goals. The stated reason is to "more accurately reflect the necessary resource tradeoffs between current and future needs".

The two corporate goals presented in the report are consistent with the QDR. The goals of the fiscal year 2000 report are to "shape and respond", and to "prepare".

Each executive agency covered by the Results Act must develop a multi-year strategic plan that identifies the fundamental mission

[1] DOD News Briefing, Monday, May 19, 1997—2:30 p.m. Subject: Quadrennial Defense Review. http://www.defenselink.mil:80/news/May 1997/t051997__t0519qdr.html.

[2] Report of the Quadrennial Defense Review, William S. Cohen, Secretary of Defense. May 1997. p.2. http://www.defenselink.mil/pubs/qdr/msg.html.

of the agency, general goals that would be used to achieve the mission, and resources needed to accomplish the mission.

DOD does a good job of complying with this requirement. The goals and measures focused on in the report are those that are the most important to DOD's overall mission. The report states very clearly the Department's missions and roles.

However, the missions presented in the report are somewhat vague and do not present a clear, specific focus. Rather, they are sufficiently vague and all-encompassing to allow any action taken by the Department to be fit into the stated strategy after-the-fact. This would seem to be an enormous burden to managers in developing strategic plans based on finite goals with which to compare their progress.

DOD's goals and measures are output-oriented. The goals are clear, objective results which in many cases, will be easily identifiable. For example, the plan includes goals to maintain specific numbers of troop strength and ensure the quality of those personnel. This goal can be assessed based on quantifiable analysis through the Department's "Active Component Enlisted Retention Rates", as well as through "Quality Benchmarks for Enlisted Recruits".

The goals are clear cut and well-defined. However, the means of achieving these goals is somewhat ambiguous. While DOD has crafted well-thought out objective measures of achieving its goals, its mission statement makes it difficult to achieve those goals.

In the area of Army deployment tempo, for example, DOD sets out an admirable goal of moving from 18 units deploying more than 120 days per year to 0, but its mission statement does not give great confidence that it will be able to meet this goal. DOD claims it will be able to go everywhere and anywhere, and it seems that in fact it does.

According to DOD's report, "Today's security environment presents the same pressing needs for military forces as existed when the QDR was conducted. The force-level objectives for fiscal year 2000 are, therefore, largely the same as the goals set in the QDR. The intent of these goals is to provide forces that can fight and win two major theater wars nearly simultaneously. At the same time, the goals reflect the fact that the United States must remain prepared to respond to smaller-scale contingencies. Although they are much less demanding than major theater wars, smaller-scale contingencies can become a very high priority, particularly when swift intervention of military forces is needed to contain, resolve, or mitigate the consequences of a conflict that could otherwise become far more costly and deadly.

"Because crises can arise quickly, U.S. military forces must be continuously ready to respond * * *. In recognition of the need to more closely monitor tempo across the force, the Joint Staff, in coordination with the Services, has instituted a tempo management process. The metric, for each Service, is the number of units exceeding its tempo goal." [3]

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[3] Government Performance and Results Act Performance Plan for Fiscal Year 2000, Department of Defense, p. 7. http://www.dtic.mil/execsec/adr1999/apdx_j.html.

However, if the Pentagon has had this difficult of a time meeting these goals to date, how will they change? The report does not explain how the herculean task of reducing deployment tempo will be accomplished—only that it will be accomplished. The report defines the metric to evaluate whether or not the goal is being met, but does not describe what is going to change to make meeting these goals likely. Will there be some sort of policy change? Or perhaps, there will be some other fundamental change in the way DOD deploys troops so that these goals will be met. The goals are very aggressive, and without some description of how they will be met, these goals are nothing more than good intentions.

As the United States military is tasked with many more and new humanitarian missions, it is essential to define when, where and how troops will be used. The "calculus" which is referred to in the DOD report must be clear cut and objective, not subjective criteria used after forces are already committed to justify the action rather than being the guidance for the decision to commit or not commit forces.

The report states that "In all cases where the commitment of U.S. forces is considered, determining whether the associated costs and risks are commensurate with the U.S. interests at stake should be the central calculus of U.S. decisions. Such decisions should also depend on the United States' ability to identify a clear mission, the desired end state of the situation, and the exit strategy for the forces committed."[4] However, the report never defines that "calculus" in a significant, objective way.

The goals and measures in the report are well-defined and laid out. The measurement criteria are also well defined. Among others, the plan includes goals to maintain specified levels of forces, flying hours, tank miles and steaming days, personnel force levels as well as numbers of units deploying for more than a specified time period. This data will prove useful in determining whether or not DOD has met its stated goals.

However, the report does not explain in detail how certain measurement data will be derived. Specifically, the report refers to associated costs and risks as the central calculus of U.S. decisions and as the determining factor in deciding whether or not to deploy U.S. forces. Unfortunately, this subjective measurement is neither fully developed nor explained anywhere in the report.

Additionally, when asked about the involvement of senior executives and other key managers being held accountable for achieving results, the Department of Defense responded as follows:

"DOD component heads are held accountable by a number of management processes used within the Department. Each year when the components submit budget proposals to the Secretary, the objectives that the Secretary has set for each component are compared with the performance levels that would be achieved in the next budget and the five years that follow. Additionally, in the context of GPRA, senior managers are responsible for reporting results against the performance goals set in the annual performance report. Senior managers are also responsible for verifying and vali-

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[4] Government Performance and Results Act Performance Plan for Fiscal Year 2000, Department of Defense, p. 2. http://www.dtic.mil/execsec/adr1999/apdx_j.html

dating the results that they report. The acquisition system holds managers accountable with periodic reviews of the progress of major acquisition programs and major reviews that coincide with each milestone in the acquisition process. The Defense Management Council [DMC] monitors the progress of management reforms instituted in the Defense Reform Initiative [DRI]. One of the mechanisms used by the DMC to define goals and monitor progress is the performance contracts that have been established for defense agencies. Another example is the management of force readiness. The Department monitors day-to-day readiness of its forces through two senior forms: the Joint Monthly Readiness Review [JMRR] and the Senior Readiness Oversight Council [SROC]. The detailed work reflected in the JMRR is summarized in a Department-wide readiness review presented monthly to the SROC. The key results of these reviews are forwarded to the Congress in the form of the Quarterly Readiness Report to Congress [QRRC]. The QRRC will also include the classified readiness measures that have been developed for the GPRA annual performance plan and report."[5]

The Department of Defense's Results Act Performance Plan for fiscal year 2000 notes that "there are several national security issues that the Department addresses as part of an interagency team. * * * DOD provides technical support to the Federal Bureau of Investigation in its efforts to combat terrorism, including potential terrorist use of weapons of mass destruction. DOD likewise works closely with the Department of Justice and the Federal Emergency Management Agency to ensure the security of the increasingly interconnected and vulnerable U.S. infrastructures against physical or cyber attack. DOD also works closely with FEMA to prepare for and respond to natural disasters. Finally, DOD conducts airborne and seaborne surveillance of high-intensity drug-trafficking routes in support of the White House Office of National Drug Control Policy."[6]

The DOD report does not do an adequate job of addressing or explaining its coordination for cross-cutting efforts.

According to the GAO, "the plan does not sufficiently explain coordination with other agencies that conduct related activities. For example, it does not discuss how DOD coordinates with State and other agencies that cooperate in a number of programs and activities aimed at helping to shape the international environment."[7]

## II. DATA RELIABILITY

The report leaves cause for concern with regard to the credibility of data from DOD's financial, accounting, and other information systems. The Pentagon's plan does not provide detail on how improvements will be made to existing systems and what new systems will be implemented. GAO notes that "while DOD's performance plan discusses data verification and validation for some per-

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[5] Office of the Secretary of Defense, October 4, 1999, response of Mr. James L. Johnson, Deputy Director, Theater Assessments and Planning.

[6] Government Performance and Results Act Performance Plan for Fiscal Year 2000, Department of Defense, p. 2. http://www.dtic.mil/execsec/adr1999/apdx__j.html.

[7] Observations on the Department of Defense's Annual Performance Plan for fiscal year 2000. General Accounting Office. April 22, 1999.

formance measures and indicators, and it acknowledges that data for certain measures and indicators come from financial and accounting systems that have experienced problems, it provides only limited confidence that the performance information will be credible. To remedy accounting systems shortcomings, DOD has developed a financial management improvement plan. However, as we reported, the improvement plan has several critical omissions which, unless they are effectively addressed in the near term, will impair the implementation of a sound foundation for fundamentally reforming DOD's financial management operations."

GAO also noted that "DOD Inspector General and service audit organizations have reported that DOD's financial systems are not in compliance with Federal systems requirements and applicable Federal accounting standards. These problems limit the reliability and timeliness of currently available financial information needed to effectively manage operations. Moreover, the audit organizations have repeatedly found systems to be inadequate for measuring the cost of operations and programs."

Additionally, GAO notes that "although the plan states that there are no known data deficiencies for some performance measures and indicators audits continue to identify significant problems with the data integrity of DOD financial systems and supporting cost, logistical, and operations information systems. For example, the plan states that there are no known deficiencies in the data collection process related to the performance measure for the disposal of unneeded government property held by contractors. That measure supports the annual performance goal to meet combat forces' needs 'smarter and faster'. However, accurately accounting for and controlling contractor-held assets has been a long-standing issue at DOD. A 1997 report by the DOD Inspector General recommended that DOD develop short- and long-term solutions to the financial accountability and reporting problems regarding government property in the possession of contractors. In response the Department has set out an action plan with action steps for this area scheduled to be completed by October 1999.

"This year's plan is moderately improved over last year's in that it demonstrates some degree of progress in addressing credibility of performance information weaknesses we and others identified in last year's plan. Specifically, last year's plan did not address known data and systems deficiencies, the degree to which these deficiencies affect specific performance information, or planned actions to address these deficiencies. Furthermore, the plan did not identify the extent to which external evaluations such as audits would be used in the performance information validation process.

"Improvements in this year's plan in this area include discussions on (1) verifying and validating data such as that generated by the components' automated inventory data collection systems; (2) known data and systems limitations for performance metrics, such as using Selected Acquisition Reports data as an absolute measure of research and development and procurement cost performance; and (3) planned actions to address data or systems deficiencies such as enhancing the interface among the military services and defense agencies to overcome data systems interoperability problems related to the location of inventory. However, this year's plan does not address how external evaluations will be used." [8]

The success of performance-based management hinges on the quality of information an organization produces to manage programs and measure success. Unfortunately, the inadequacy of information systems at the Department, according to GAO, provides limited confidence that performance information will be credible. The report falls short on the explanation of methodologies and "metrics" which serve as the basis for the criteria used to evaluate the goals set forth in the report. It would be helpful if the report explained in greater detail how those metrics were going to be built and provided greater detail on the source of the raw data.

It is important to keep in mind the amount of information that confronts DOD as an organization each month. Nonetheless, financial and information systems at DOD remain flawed, and cannot produce verifiable performance information in most areas. DOD must redouble efforts to ensure that its data capacity meets the tremendous need outlined in its performance plan.

## III. HIGH RISK PROBLEMS

In January 1999, GAO submitted a report which addresses DOD's major performance and management challenges. The various challenges addressed by GAO were categorized into two areas: (1) systemic management challenges dealing with financial management, information management, weapon systems acquisition, and contract management; and (2) program management challenges dealing with infrastructure, inventory management, and personnel.[9]

The DOD report included performance goals, measures, and indicators related to six of nine major management challenges identified by the GAO and/or the DOD Inspector General.

*MANAGEMENT CHALLENGE:*

1. *Financial Management*.—GAO reported that DOD's problems range from being unable to properly account for billions of dollars in assets to being unable to produce reliable and timely information needed to make sound resource decisions. The DOD Inspector General reported that DOD remains unable to comply with laws requiring auditable financial statements for its major funds and for the Department as a whole.

There was no goal in the plan which addresses this challenge. However, in late October 1998, DOD issued its first Biennial Financial Management Improvement Plan, which established DOD's strategy for managing financial management operations. According to the Secretary, the plan sets out DOD's first ever attempt to describe the overall concept for its future financial management operations.

2. *Information Management and Technology*.—The GAO reported that information management and technology issues are key DOD management challenges. A primary short-term concern centers on

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[8] Observations on the Department of Defense's Annual Performance Plan for fiscal year 2000. General Accounting Office. April 22, 1999.

[9] Major Management Challenges and Program Risks—Department of Defense. GAO/OCG–99–4.

the implementation of the year 2000 conversions of date-sensitive information on computer systems.

There was no goal in the plan which addresses this challenge; however, the plan notes that DOD works with other Federal agencies to ensure the security of the increasingly interconnected and vulnerable U.S. infrastructures against physical or cyber attack. Additionally, the Clinger-Cohen Act of 1996 requires DOD to establish goals for improving the efficiency and effectiveness of its operations through the use of information technology. It also requires DOD to include an annual report with the submission of its budget to the Congress on its progress in achieving the goals. The current report is Appendix K in DOD's 1999 Annual Report to the President and the Congress. The goals are to: (1) become a mission partner; (2) provide services that satisfy customer needs; (3) reform information technology management processes to increase efficiency and mission contribution; and (4) ensure vital information resources are secure and protected. Appendix K discusses progress toward achieving these goals and efforts to meet the technical challenges related to year 2000 compliance.

3. *Weapon System Acquisition*.—GAO reported that effectively managing the weapon systems acquisition process continues to be a concern. Although DOD has increased its procurement budget, it consistently pays more and takes longer than planned to develop systems that do not perform as anticipated.

The DOD IG also reported a compelling need to accelerate the weapon systems acquisition cycle and reduce per unit costs. The IG further reported that a significant gap exists between weapon systems modernization requirements and planned funding. DOD has a goal to further increase procurement spending, but the goal relies on shifting about $10 billion of spending a year from other areas. The IG doubts that planned actions will free up that amount of funds.

The Performance Plan includes a performance goal to "meet combat forces' needs smarter and faster, with products and services that work better and cost less, by improving the efficiency of acquisition processes". The plan includes two related performance measures: (1) Major Defense Acquisition Program cost growth; and (2) Successful completion of weapon system operational test and evaluation events. The plan also includes a related performance indicator-Major Defense Acquisition Program cycle time.

4. *Contracting*.—DOD spends over $100 billion a year contracting for goods and services. Over the last few years, several broad-based changes have been made to acquisition and contracting processes to improve DOD-contractor relationships and rules. But GAO and the DOD IG continue to identify risks in contracting, including erroneous, fraudulent, and improper payments to contractors; payment of higher prices for commercial spare parts than necessary; and the award and administration of health care contracts. The DOD IG reported that the sheer volume and great variety of the contracting activity make it a high-risk area. The IG also reported a lack of good cost information and significant levels of fraud, mostly by providers, in the Defense Health Program.

The Performance Plan includes three performance indicators that relate to some aspects of contracting: (1) the percentage of purchases made by purchase card; (2) the percentage of paperless transactions; and (3) the percentage of paperless acquisition transactions.

5. *Defense Infrastructure*.—GAO reported that although DOD has substantially downsized its force structure over the past 7 to 10 years, it has not reduced operations and support costs—the costs for its supporting infrastructure—commensurately. A key reason is that the services are reluctant to consolidate activities that span service lines and reduce capacity as necessary. The DOD IG reported that key infrastructure areas such as transportation, maintenance, facilities, and supply offer opportunities to reduce costs. The IG noted, however, that many logical measures are highly controversial and that the Congress and DOD disagree over additional base closures and the distribution of workload between DOD and private sector maintenance facilities.

The Performance Plan includes a performance goal to "streamline the infrastructure by redesigning the Departments support structure and pursuing business practice reforms." Key related performance measures include: (1) the number of positions subject to A–76 competition studies; (2) logistics response time; (3) the dollar amount of National Defense Stockpile disposals and reductions in the supply inventory; and (4) disposals of excess real property.

Other key related performance indicators include: (1) the percentage of budget spent on infrastructure; (2) the percentage of materiel assets that are visible and accessible to its Integrated Materiel Managers; and (3) the net operating results of working capital funds.

6. *Inventory Management*.—GAO reported that DOD's inventory management practices continue to be ineffective and inefficient and are not well-suited to meet new missions and war-fighting strategies. As a result, DOD spends more than necessary to procure inventory, yet items are not available when needed. The DOD IG also reported shortages of spare parts and that war reserves are overstocked in some locations but short of critical items in others. The IG additionally reported problems with fraud and inappropriate practices in the disposal process.

The Performance Plan includes two performance measures related to inventory management: (1) logistics response time; and (2) the dollar amount of National Defense Stockpile disposals and reductions in the supply inventory. The plan also includes two related performance indicators: (1) the percentage of materiel assets that are visible and accessible to its Integrated Materiel Managers; and (2) the dollar amount of unfunded depot maintenance requirements.

7. *Military Personnel*.—GAO reported that DOD's personnel programs to recruit, train, and retain a high-quality active-duty enlisted workforce have not received the management attention needed to ensure their successful operation. The military services recruit tens of thousands of new enlistees each year who fail to complete their contracts. The Performance Plan includes a performance goal to "recruit, retain, and develop personnel to maintain a highly skilled and motivated force capable of meeting tomorrow's challenges." The plan includes three related performance measures: (1) the number of enlisted recruits inducted into the Active Force and

into the Selected Reserve; (2) the Active Force components enlisted retention rates; and (3) the Selected Reserves' enlisted attrition rates. The plan also includes a related performance indicator. It is the percentage of enlisted recruits that meet quality benchmarks (high school diplomas, etc.) for such recruits.

8. *Military Readiness*.—The DOD IG reported that DOD has difficulties in maintaining sufficient military readiness. The IG reported a concern about the accuracy of reporting for unit-level readiness; weaknesses in chemical and biological defense preparedness and in communications capability; impact of changes in the threat environment; and impact of currently approved budget levels.

The Performance Plan includes a performance goal to "maintain ready forces and ensure they have the training necessary to provide the United States with the ability to shape the international environment and respond to the full range of crises." The plan includes classified measures for the readiness of each service's forces.

The plan also includes several related performance indicators, including: (1) the amount of time military personnel are deployed; (2) number of flying hours per month, by service; (3) number of tank miles per year; (4) number of steaming days per quarter; and (5) classified indicators for the percentage of billets filled in each service.

9. *Turbulence From Change*.—The DOD IG reported that all functional areas within DOD are engaged in fundamental reform and process reengineering efforts at the same time, causing turbulence. The turbulence brings with it several additional difficult challenges such as conflicting priorities, downsizing, outsourcing, dependence on new and unproven systems or processes, and de-emphasis on management controls and oversight, all of which are putting considerable strain on DOD. The IG noted that DOD confronts a huge task in coordinating and integrating its hundreds of reform initiatives so that they do not work at cross purposes with each other.

There was no goal in the report which addressed this challenge; however, the plan and the Secretary's annual report discuss human capital management issues such as recruiting, training, operating tempo, and military retention. The Secretary's annual report also includes chapters on initiatives such as acquisition reform, financial management reform, and infrastructure.

## IV. CONSULTATIONS

Both DOD and GAO provided consultations with the Defense Appropriations Subcommittee. These consultations were very useful. DOD also provided written responses to a series of questions related to the GPRA report submitted to Congress. The responsibility for responding to Congress was through Mr. James L. Johnson, Deputy Director Theater Assessments and Planning. Mr. Johnson and his staff were very helpful.

## V. USEFULNESS

The DOD plan is clear, cogent and coherent. It does a good job of laying out the specific goals of the Department. The goals are reduced to 2 major "corporate goals", and the report breaks them down into useful sub-categories. The explanations make clear what the specific goals are aimed at doing and ties them in well with the QDR. While clearly stating goals and measures, the plan lacks information on how DOD will use performance information to assess mission outcomes.

## SUBCOMMITTEE ON MILITARY CONSTRUCTION

The Military Construction Appropriations Subcommittee has reviewed the DOD Performance Plan for fiscal year 2000. Further, the Subcommittee evaluated the performance done by GAO to assess compliance with the Results Act. The Subcommittee commends the assessment and recommendations presented by GAO and endorses the more detailed report provided by the Defense Appropriations Subcommittee.

With respect to military construction, the Department does not clearly articulate how it intends to modernize, renovate and improve an aging defense infrastructure as the United States transitions into the next century. DOD's plan provides only a partial picture of intended performance across the Department. For example, it does not include any performance measures and associated target levels to help decision makers assess progress toward DOD's goal to achieve a 21st century infrastructure. The key objective should be to reduce costs while maintaining military capabilities. The plan notes, however, that the total dollars spent on infrastructure and infrastructure costs as a percentage of total defense spending are metrics used to gauge success in infrastructure reduction. DOD could improve its plan by using these metrics as performance measures and establishing associated target performance levels.

The Subcommittee encourages the Department to establish in its fiscal year 2001 submission to Congress specific performance goals and measures that address key indicators concerning military infrastructure and construction. These measures should include reduction of real property maintenance backlogs, improvement of family housing, reduction of family housing deficits, modernization of unaccompanied personnel housing, and efforts to address critical shortfalls of quality of life facilities.

## SUBCOMMITTEE ON THE DISTRICT OF COLUMBIA

*Legislative History*

On October 19, 1994, the District of Columbia Self-Government and Governmental Reorganization Act (Home Rule Act) was amended by Public Law 103–373, the Federal Payment Reauthorization Act of 1994 (Reauthorization Act), to include performance and financial accountability requirements for the District government. The amendment required the District government to devise, implement, and submit to the Congress comprehensive financial and performance standards. The purpose of the legislation was to encourage District government accountability by requiring systematic goal-setting, measurement and reporting of program performance and financial management.

At the time of enactment of the performance standards, the District government was on the verge of financial collapse. A June 22, 1994 GAO report found that the District of Columbia faced cash problems and a long-term imbalance of revenues and expenditures. The GAO report further found that the District government had attempted to balance its books with short-term actions that both exacerbate cash problems and postpone financial solutions. To aid the District government in addressing its financial problems and to encourage performance-based government planning, Congress enacted legislation for performance-based planning and reporting. The legislation was based on the Federal Government Performance and Results Act of 1993.

By the close of fiscal year 1994, the District's financial condition was so critical that Congress passed, and the President signed into law, Public Law 104–8, the District of Columbia Financial Responsibility and Management Assistance Act of 1995 (the Act). The Act established the D.C. Financial Responsibility and Management Assistance Authority (the Authority) and the Office of Chief Financial Officer [OCFO] and gave these offices oversight responsibility for the District's budget.

*Performance Accountability Reporting Requirements*

The Reauthorization Act included a reporting schedule to ensure accountability for program performance. Not later than March 1 of each year, beginning in 1995, the Mayor was required to develop and submit to Congress and the Comptroller General of the GAO a performance accountability plan for all significant activities of all departments, agencies and programs of the District government for the subsequent fiscal year.

Each plan was required to include performance goals that were measurable and objective, for both the quantity and quality of the activities, and to include measures of program outcomes and results. The manager most responsible for achieving each goal and that person's immediate supervisor were to be identified. To measure the effectiveness of program management, each significant activity was to have two goals: one for an acceptable level of performance and one for a superior level.

Not later than March 1 of each year, beginning in 1997, the Mayor was required to develop and submit to Congress and the Comptroller General a performance accountability report on District government activities for the fiscal year ending on the previous September 30. The report was required to include: (1) for each stated goal of the submitted plan, a statement of the actual level of performance achieved compared to the stated goal for an acceptable level of performance and the goal for a superior level of performance; (2) identification of the manager and that person's immediate supervisor; and (3) a statement of the status of any court orders for the District government and steps taken towards compliance with the court orders.

*District Government Compliance with the Performance Accountability Requirements*

As of January 1, 1997, Congress had not received a performance accountability plan from the District government. On July 10, 1997, the Senate Appropriations Subcommittee on the District of Columbia held a hearing on the District's fiscal year 1998 budget request. At the hearing, the Mayor was questioned on the status of the District government's performance accountability plan. Testimony established that the Mayor had not complied with the law. Following the shift in control of nine District agencies from the Mayor to the Authority by the Management Reform Act of 1997, Congress amended the law to require the Authority to prepare the report.

On March 2, the Authority submitted its "Report On A Comprehensive Performance Management System." This report provided a conceptual framework for the District government's Comprehensive Performance Management System. However, it lacked the quantitative measures and time lines expected by Congress.

On September 30, 1998, Dr. Camille Barnett, the District's Chief Management Officer [CMO], submitted the District's Fiscal Year 1999 Performance Accountability Plan to Congress. In the development of the plan, each agency worked to: (1) clarify its mission; (2) describe key programs, projects and initiatives; and (3) identify measures of services and functions deemed in support of its commitment to its customers, the residents of the District of Columbia. The plan stated that the most significant challenges facing the District government were those related to measuring performance in ways that are reliable, valid and truly useful for management improvement.

In November 1998, the District elected a new Mayor, Anthony A. Williams, and in January 1999, Dr. Barnett resigned as CMO. On March 5, 1999, the District of Columbia Management Restoration Act of 1999, Public Law 106–1, was enacted. The act repealed the District of Columbia Management Reform Act of 1997 (Subtitle B of Title XI of the Balanced Budget Act of 1997, Public Law 105–33), thus restoring to the Mayor management authority for the daily operation of the District's nine largest departments.

As the first step in the new administration's approach to performance-based government, the Mayor announced a short-term action agenda. Under this agenda, certain agencies embarked on an aggressive effort to eliminate problems responsive to immediate corrective action. On March 24, 1999, the Mayor delivered to Congress a draft project plan for the Performance Accountability Work Plan. The final work plan, entitled "District of Columbia Management Report," was submitted to Congress on June 1, 1999, as part of the District government's consensus budget for fiscal year 2000.

*District of Columbia Management Report*

The District of Columbia Management Report establishes baseline measures for performance-based management for results in the District government. The report includes a range of measures for all levels of government. The efforts of all District agencies are framed by four strategic goals: (1) improvement of government services; (2) an expanded economy; (3) support for the District's children; and (4) a rebuilding of the human services network. Agencies have now embarked on an effort at long-term strategic planning, and agency directors are currently developing performance measures, with a focus on the agency's mission and organizational objectives.

*Performance Measures and Performance Assessment*

Performance measures are expected to help monitor and improve the long-term strategic planning effort and to indicate how well structural changes within an agency are improving the quality and delivery of services to District residences. The Mayor selected 17 agencies to develop outcome and customer service measures. Thirteen of the targeted agencies provide direct services to District residents and significantly impact the quality of their lives on an ongoing basis. The remaining 4 agencies are relied upon by the direct service agencies to support their daily operations. High impact agencies were identified in the following six areas:

—*Economic Development and Regulation*.—Department of Housing and Community Development; Department of Employment Service; Department of Consumer and Regulatory Affairs.

—*Public Safety and Justice*.—Metropolitan Police Department; Fire and Emergency Services Department; Department of Corrections.

—*Public Education Systems*.—D.C. Public Schools; D.C. Public Library.

—*Public Works*.—Department of Public Works; Department of Motor Vehicles.

—*Government Support*.—Office of Personnel; Office of Contracting and Procurement; Office of the Chief Technology Officer; Office of Property Management.

In the fiscal year 2000 budget submission, these agencies presented a mission statement, performance measures and target dates. In addition, the Mayor and designated agencies have entered into performance contracts that outline the agency's mission, goals and measures and establish a time line for major agency initiatives. The Office of the Mayor issues interim reports to the general public to inform residents of the government's efforts to measure customer service and satisfaction. To verify results of the performance measurement system, the Mayor's Director of Customer Service has formed a task force to document agencies' data collection practices and self-testing. Additionally, the District's independent Office of the Inspector General will perform performance audits of agency outcome measures to ensure an objective analysis.

The District assesses performance on 4 criteria: customer perspective; financial accountability; internal business processes; and learning and growth. Based on the District government's own observations, agencies need to develop better measures in the areas of financial accountability; learning and growth; and employee training.

*Analysis of District's Progress as a Performance Based Municipal Government*

Mayor Williams previously served as the District's Chief Financial Officer [CFO] from 1995 until 1997. During his tenure as CFO, Mr. Williams used results-based practices to bring the District's budget into balance and, ultimately, generate a surplus. Now, as Mayor, Mr. Williams has designed a framework for performance measurement in the District of Columbia. The task facing the new administration is twofold: (1) the development of goals and measures for the various agencies; and (2) holding District employees and managers accountable for the achievement of those goals.

Successful implementation of a District-wide performance management system will require a major paradigm shift among District employees at all levels of responsibility, but foremost by agency supervisors, who are responsible for articulating the administration's goals and objectives. The staff of the Office of the City Administrator, which has responsibility for District government management policies, recently articulated eleven recommendations for the development and implementation of performance measures:

—Insure that all agency directors and CFO's are aware of the requirements concerning performance plans.
—Clearly, consistently and frequently communicate the vision.
—Separate the types of measures and define responsibility for their development and tracking.
—Implement a comprehensive change management program.
—Align the change management and performance measurement activities to the Mayor's strategic priorities.
—Appoint the Directors of Personnel and Collective Bargaining and Labor Relations as co-champions for the implementation.
—Define an aggressive implementation schedule, but initially tie it to existing or soon to be started projects.
—Clearly define who develops and reviews measures.
—Allocate sufficient human and fiscal resources for bench marking activities.
—Require high levels of data quality.
—Align information and personnel systems.

*Analysis of Performance Measures*

The District of Columbia Budget for fiscal year 2000 included performance measures for 17 agencies. The format for the presentation of the agency measures is consistent and included: (1) a statement of the agency's mission; (2) a list of performance measures; (3) actual performance data for fiscal year 1998; (4) target performance measures for fiscal year 1999; and (5) target performance measures for fiscal year 2000.

Generally, the mission statement for each agency is straightforward, concise and agency-appropriate. Overall, the performance measures for the various agencies are specific and measurable. In some instances, however, an agency performance measure is not clearly linked to the agency's stated mission. For example, although the Department of Motor Vehicles stated mission is to foster "the safe operation of motor vehicles on the District's streets in accordance with applicable laws and regulations," none of the performance measures related to this mission.

Implementation of performance accountability requirements by the District government has been long-delayed, in part by the major management changes in the District government during the past 6 years. The initial efforts of the Mayor and his administration indicate a commitment to performance accountability. However, the Subcommittee expects improvements in the District's adherence to the spirit of the Reauthorization Act through the development of performance measures and their clear linkage to the stated mission of District agencies in fiscal year 2001. The District government should more clearly articulate agency goals. Without clear goals, the District and Congress cannot assess the success of agencies in achieving performance-based governance.

Likewise, the Subcommittee expects the District government to more fully comply with the letter of the law. Specifically, the District has not provided performance accountability plans for all departments, agencies and programs of the District government. In fact, the Subcommittee has received the required plans for only 18 agencies. Additionally, the District has failed to identify all managers and that person's immediate supervisor. Finally, the Reauthorization Act requires the District government to provide a comprehensive report on all District activities subject to court order, including the requirements of the court order. To date, the District has failed to provide Congress with this information, even though court orders and receiverships cost the District government millions of dollars each year.

## SUBCOMMITTEE ON ENERGY AND WATER DEVELOPMENT

## DEPARTMENT OF ENERGY

### I. PERFORMANCE GOALS AND MEASURES

The Results Act requires agencies to develop tri-annual strategic plans, annual performance plans, and annually report results beginning with the fiscal year 1999 budget cycle. The Department of Energy [DOE] has met all three of those requirements. The Department's performance of those requirements has been evaluated by both GAO and the Subcommittee. While a tri-annual strategic plan, an annual performance plan, and an annual report are the legislated requirements of the Results Act, they are not the Act's objective. The Results Act's objectives are to shift the focus of government agencies from a preoccupation with actions taken—such as grants dispensed or inspections made—to a focus on the results of those activities, such as real gains in employability, safety, responsiveness, or program quality.

A review of the implementation of the Results Act, conducted in accordance with the spirit of the Act, asks a single question, "Is the Department of Energy achieving desirable results?" The answer to that question varies tremendously across the Department.

DOE historically has a poor record for completing large projects. From 1980 through 1996, the Department terminated 31 of 80 major system acquisitions (mission-critical projects costing over $100 million) after expenditures of over $10 billion, and completed only 15 of the 80, most of which were behind schedule and over budget. For example, DOE spent $6.5 billion over 15 years for a permanent disposal facility for spent nuclear fuel at Yucca Mountain, Nevada. The project, which was supposed to open in 1998, is currently 12 years behind schedule. In recent years, the Department has recognized its project management weaknesses and sought to improve. The DOE, which contracts for over 90 percent of its work, has had problems managing those contracts and overseeing the technical aspects of its contracts. For example, DOE routinely turns to contractors to review proposals and work performed by other contractors. The result is that, within the closely knit contractor community in which contractors frequently subcontract with one another (sometimes through many layers on a single task), it is not clear that the Government's interests prevail over those of the contractors.

DOE's management structure does not effectively solve agency problems. The Department continues to exacerbate this weakness by adding layers of management onto the Department in response to specific issues, such as the creation of security and counter-intelligence "czars" in response to recent allegations of espionage. In a report mandated by this Subcommittee, the Institute for Defense Analysis found that:

"Many DOE and contractor-officials describe Defense Programs oversight as creating an inverted management pyramid, because the number of reviewers exceeds the number of hands-on workers. For example, contractors have cited examples where work done by two or three people becomes the subject of review meetings involving 40 or more Defense Programs officials."

That example cites only the problem internal to Defense Programs. The problem expands when reviewers from other oversight functions are included. The Department has programs within one office, complying with policies set by a second office, in accordance with procedures set by a third office, verified by a fourth office. This myriad of oversight and review does not improve performance. To the contrary, in some cases it diminishes performance. As overseers have multiplied, the line between oversight and responsibility has been blurred and sometimes disappears. The frequent result is that, when mistakes are made, all parties contend they are overseers, and no one takes responsibility.

Successive Secretaries have sought to address this issue and have had limited success. An earlier review chaired by Bob Galvin, the Chairman of Motorola, found that:

"There have been many studies of the Department of Energy laboratories. As one reads these reports, one recognizes that the items which were recommended in previous reports are for the most part recommended in most subsequent reports. As each past study has taken place, people of good intention make sincere efforts to 'fine tune' the system. However, the Department and the Congress should recognize that there has been little fundamental improvement as a function of past studies * * *."

While DOE has had problems fulfilling many of its objectives, it has successfully met others. For example, 3 years ago, the programs of the Department's Office of Energy Efficiency and Renewable Energy were inappropriately dominated by the interests of non-governmental organizations, and there was little or no coordination in the development of various renewable energy technologies. The current Assistant Secretary has effectively returned decision making and priority setting to the cognizant Federal officials, has greatly reduced the "stove-pipes" that allowed different renewable energy technologies to proceed without consideration to their relative merits, and has implemented a merit-based procurement process.

The Office of Defense Programs [ODP] has taken its broad responsibility to maintain the Nation's nuclear weapons stockpile through science and developed detailed tasks and schedules for each weapons system through the "Green Book" process. The "Green Book" is suitable as a detailed performance plan for ODP. Unfortunately, ODP's ability to meet the schedules of the "Green Book" is in question. While part of the problem is due to issues internal to Defense Programs, because of the Department's "matrix" management structure, issues outside of ODP have previously contributed to problems within ODP. Legislation has been enacted to create a semi-autonomous National Nuclear Security Administration within DOE to manage its national security functions in an effort to address this issue.

The Department's problems in "achieving desirable results" exist in part because a number of the Department's missions are controversial and among the most difficult tasks the Government has before it. For example, the Department is struggling within its Environmental Quality programs to comply with myriad environmental laws and regulations developed prior to their application to departmental facilities. In many cases, waste streams from departmental facilities contain material or combinations of material not found in the private sector, for which the respective laws and regulations require contradictory remedies. Due to the unforeseen application of these laws to departmental sites, DOE has been forced to enter into compliance agreements with States and Federal regulators that include milestones the Department knows it will be unable to meet and milestones that must be met using unproven or even unknown technologies.

## II. CONSULTATIONS

The Department has assigned responsibility for compliance with the Results Act to the Office of the Chief Financial Officer [OCFO]. In recent years, OCFO, with the support of the Subcommittee, has substantially expanded its financial and program management capability. However, OCFO has less technical ability to oversee contracts than the program offices and has no greater ability to address management and other issues within DOE.

The Department's annual performance plan has improved substantially since its inception, when the Subcommittee found "considerable inconsistency among the quality of information provided by the program offices," and that many of the goals provided "no basis for the evaluation of performance, and, as a result, in no way assist in the purposes of the Government Performance and Results Act." The annual performance plan for fiscal year 2000 clearly details goals for the coming year as components of the goals included in the tri-annual strategic plan.

The refinement of the annual performance plan reflects the full and frank relationship between the Subcommittee and the OCFO. Communications on the plan's development have aided the Department in responding to the desire of the Subcommittee with regard to the plan and have kept the Subcommittee apprised of issues as goals have changed due to unforeseen circumstances.

## III. USEFULNESS

It is the Subcommittee staff's view that the Results Act provides a useful tool for evaluating agency goals and measuring progress. Today, DOE is generally confounded by a management maze, irreconcilable regulatory requirements, and insufficient skills in critical areas necessary to solve its own dilemmas. In such an environment, the usefulness of the Results Act is limited.

## SUBCOMMITTEE ON FOREIGN OPERATIONS, EXPORT FINANCING, AND RELATED PROGRAMS

### I. PERFORMANCE GOALS AND MEASURES

In 1997, the United States Agency for International Development [USAID] created an Agency Strategic Plan which presented six strategic goals in development and humanitarian assistance and one management goal as the basis for measuring the effectiveness of its programs. These 6 development and humanitarian assistance goals are to: (1) encourage broad-based economic growth and agricultural development; (2) strengthen democracy and good governance; (3) build human capacity through education and training; (4) stabilize and protect world population and human health; (5) protect the world's environment for long-term sustained ability; and (6) increase the numbers of lives saved, reduce suffering associated with natural or man-made disasters, and reestablish conditions necessary for political and/or economic development. The management goal is that USAID remain a premier bilateral development agency.

The Fiscal Year 2000 Annual Performance Plan uses the goals described in the Strategic Plan to provide details as to how USAID will achieve its quantitative development goals and indicators that will be used for the coming year.

USAID's measures are results oriented and are not based on the number of activities such as grants awarded or persons trained. However, the goals are too ambiguous to lend themselves to credible evaluations of success or measurement of benchmarks toward that success. USAID needs to develop regional performance plans tailored to local requirements that spell out expectations for performance as well as 5 year trends.

Though subject to past criticism for its methods of assessment, USAID continues to rely on country level statistics obtained from secondary sources, mostly international institutions such as the World Bank, the United Nations and the Organization for Economic Cooperation and Development for its data. In responding to Subcommittee inquiries, USAID stated:

> "USAID is largely dependent upon secondary data generated at the country level. It is difficult for USAID program staff to evaluate the reliability of all of the data in their annual performance reports. Primary data collection (e.g. through surveys) is costly and usually occurs on a bi-annual basis or less frequently. Thus data reporting generally lags by at least 2 years. USAID's Performance Plan reporting is based on 'projected actuals' which are derived by using trend lines. USAID is continuously assessing the costs of data collection versus the benefits of alternative uses for these funds."

USAID noted that it continues to consult with other U.S. Government foreign affairs agencies within the framework of the International Affairs Strategic Plan. At the start of this interchange in 1998, coordination on sustainable development issues was considered by USAID as low to medium. USAID stated that they expect this level to improve to medium to high by the end of the 1999 fiscal year.

The Subcommittee continues to urge USAID and the State Department, as the principal agents for the U.S. Government in international affairs, to work together to ensure that they are coordinating policy and program efforts. The Subcommittee understands that consultations have been ongoing between the department and the agency, and the Subcommittee encourages the rapid creation of a quantitative mechanism to ensure that these tools are in place.

Many U.S. Government departments and agencies are involved in international programs that can be related to USAID's goals and objectives. For example, the GAO noted that in fiscal year 1998, Congress authorized the Department of Defense to provide about $50 million in overseas humanitarian, disaster and civic aid.

In addition to the State Department, the Subcommittee also has oversight over some of the programs which exist in the following agencies which do not coordinate their efforts on a regular basis with USAID: Department of Commerce; Department of Energy; Department of Treasury through the African Development Bank and Fund, the European Bank for Reconstruction and Development, the Asian Development Bank, the International Bank for Reconstruction and Development, the International Development Association and the International Monetary Fund; the African Development Foundation; the Inter-American Foundation; and the Peace Corps.

## II. DATA RELIABILITY

USAID does not have the resources or capacity to be the sole source of information for its agency data. In its Fiscal Year 2000 Annual Performance Plan, USAID cites the use of statistics from World Bank, United Nations and other international organizations for the data for future reports.

USAID acknowledges the concerns expressed by those within the Agency, at OMB and from Capitol Hill about the reliance on external sources for validation of their programs. USAID states in its plan that it will continue to work to identify performance goals and indicators that better measure annual performance levels.

The Subcommittee appreciates the long term aspects of USAID's programs and its limited ability to obtain statistics for assessment of benchmarks for its programs, especially in the areas of humanitarian assistance, democracy and governance, and environmental programs. The Subcommittee hopes to work with USAID to create the tools for assessing its goals.

## III. HIGH RISK PROBLEMS

The GAO identified the following specific areas of concern for USAID:

—(A) USAID has not implemented a comprehensive information management system; and

—(B) USAID's financial management information is unreliable.

GAO noted that "while an acknowledgement of a major management challenge is a good first step, there is concern about the absence or vagueness for goals in certain areas. Without specific and measurable performance goals, it is difficult, if not impossible to assess progress in addressing problems and to hold agencies accountable."

USAID provided the Subcommittee with an update of the status of the high risk problems. The following is a summary of USAID's assessment:

(A) *New Management System.*—USAID is still working to implement a New Management System [NMS]. In 1994, NMS was designed as a custom built set of modules which were to provide enhanced program management capabilities. Unfortunately, in USAID's own words, "NMS failed to perform as planned because of communication, technological and management problems."

NMS will be implemented over the next 3 fiscal years and will support accounting, procurement, budgeting and program operating functions. The Subcommittee will continue to closely monitor the Agency's progress and its attempts to complete renovation and implementation of the system as projected in fiscal year 2000.

(B) *Financial Management.*—USAID's vulnerabilities in financial management were addressed in the Fiscal Year 1999 Annual Performance Plan. USAID's Office of Financial Management has created a strategic plan to move USAID, in their words, to "a more responsive, effective, collaborative, and customer-oriented financial management system."

GAO noted in its review of the Annual Performance Plan that "USAID's effort to correct design and implement problems with its financial and management system reflected consistence between their strategies and goals."

## IV. CONSULTATIONS

USAID staff did not consult with the Subcommittee on its performance plan. USAID states that "the traditional budget structure does not link resources to performance goals. The Agency does a 'cross walk' where it assigns resources from all of the Agency's program budget accounts to specific goals." USAID has been criticized for its inability to provide a stronger link between performance goals and budgetary priorities.

## V. USEFULNESS

USAID went through each of its goals and described the methods USAID would use to assess achievement of its performance goals. The Annual Performance Plan varied in its assessment of USAID's ability to reach its goals; at times the reader felt that the determination was more optimistic than realistic. The Subcommittee looks forward to the Fiscal Year 2000 Performance Report to fully analyze USAID's ability to make and achieve its goals.

By its own admission, there is a decline between funding assessments and performance by USAID. The Agency has a three tiered system of performance assessment and budgetary priority: the individual units of operation, the field mission and finally, Washington headquarters. The individual units and field missions continually monitor performance of each of their programs. Washington also monitors performance and holds formal reviews of bureau-wide performances in conjunction with budgetary requests.

USAID takes performance and goals and budgetary capabilities into consideration at annual budget reviews. With each of these tiers, though, priorities can be altered from initial performance assessments, and normally the rating declines in ranking. GAO noted that USAID should also develop a clear linkage between broad development goals and specific USAID country program goal results.

The Fiscal Year 2000 Annual Performance Plan provided the Subcommittee with an impression of how USAID will attain their goals within the next year. The Subcommittee will find it difficult to assess USAID's specific contribution to enhancing global sustainable development programs while relying on secondary sources or dated information as its primary tools for analysis.

The Subcommittee urges USAID to formulate a more detailed approach in the creation of its Annual Performance Plan. USAID should develop regional performance plans tailored to local requirements that spell out expectations for performance as well as five year trends.

## SUBCOMMITTEE ON INTERIOR AND RELATED AGENCIES

## DEPARTMENT OF THE INTERIOR

### I. PERFORMANCE GOALS AND MEASURES

The various bureaus within the Department of the Interior [DOI] have generally taken steps to focus their goals and performance measures on the most important objectives. For example, the U.S. Fish and Wildlife Service reduced its annual performance goals from 45 to 15, and the Bureau of Land Management reduced the number of its annual performance goals from 61 to 46. The U.S. Geological Survey now has two broad annual performance goals and ten quantitative performance measures that cover all program activities relative to the agency's mission. This streamlining has had an effect of tightening the performance plans and making them more understandable. It remains to be seen, however, whether the aggregation or merging of performance goals will lead to a lessened sense of accountability or accomplishment, and, in turn, reduced performance on the part of programs within the agency that are now only part of a broader, more generic performance goal. It is critical that there be awareness at the field station level of the broader agency goals as well as the specific contribution of each field station to the furtherance of these goals.

In general, the DOI bureaus have been successful in developing relevant, outcome oriented goals. The performance plans of various agencies such as the U.S. Fish and Wildlife Service still contain output-related measures, but the occurrence of such measures has diminished.

The majority of goals and measures established in the performance plans of DOI bureaus appear to be realistic and reasonably challenging based on available data. In many cases, however, it remains difficult to evaluate whether agency goals and measures are appropriate due to the limited baseline data available for many programs and activities. Some of the agency goals reveal planning problems. For example, a part of one of the U.S. Fish and Wildlife Service goals states, "80 percent of the contaminated cleanup projects will be completed according to their original schedule". If a goal is only to meet a certain percentage of an originally scheduled plan, then it is very possible that the original planning/scheduling targets were unreasonable.

Given that the accuracy and reliability of performance data are critical to the successful evaluation of agency performance, DOI bureaus have not made sufficient progress in describing data verification and validation processes as part of their performance plans. While some improvements have been made, many bureau plans do not sufficiently identify data limitations or data system requirements and how such limitations or systems availability would impact performance measures. To demonstrate to the Subcommittee that bureau or program level performance is not being "gamed," the Department must make further efforts to ensure the accuracy, consistency and reliability of performance data, and to convey this information in its performance plans. It should be noted, however, that data collection bearing on performance measurement is not without cost. The Subcommittee recognizes that additional resources have been sought by a number of bureaus in fiscal year 2000 to initiate or enhance performance-related data collection, and that the Subcommittee has not been able to provide these additional resources in all cases. The Subcommittee will continue to work with the bureaus to prioritize data collection needs and make data collection more efficient and less expensive where possible.

The performance goals of each agency appear to be broadly representative and balanced in the treatment of competing demands within each agency, and appear to reflect the statutory missions of the various agencies.

The DOI bureaus' fiscal year 2000 performance plans provide somewhat improved treatment of cross-cutting initiatives, particularly with respect to intra-agency cross-program initiatives. The Department's plan as a whole does not, however, attempt to reexamine the fundamental organization and functions of the natural resource agencies as the GAO has suggested is warranted as part of performance planning. Neither do the plans tend to contain sufficient substantive discussion of inter-bureau or inter-departmental work in pursuit of common goals. While the Department's performance plan does identify and discuss four specific crosscutting efforts, it does not attempt to address the much broader array of programmatic areas in which the DOI bureaus and/or other Departments would seem to have common goals and performance measurement requirements.

The Forest Service is currently undergoing public review of its draft revised GPRA strategic plan which is scheduled for completion in September 2000. The new draft plan focuses more on outcomes or results which are absent from its current plan. Due to this omission, the current plan does not enable the agency to objectively evaluate annual accomplishments and link them to its strategic plan. For fiscal year 2001 and beyond, the agency plans to provide this link in large part through proposed new performance measures which are included within the framework of a new streamlined budget structure. Each of the performance measures within the annual budget is linked to specific goals and objectives contained in the strategic plan.

The Subcommittee is reviewing with great concern the agency's proposed new budget structure and related performance measures. Given the longstanding difficulties with the agency's fiscal accountability, drastically reducing the number of the agency's line items in order to provide "big bucket" financing of its programs could lead to less accountability rather than more. The performance measures which the agency claims will provide accountability are new, and little historical data is available to assess how the agency's current performance based on these measures compares to previous years. Moreover, many of the performance measures do not appear to be performance measures so much as workload measures. That is, they only indicate what the agency will do with appropriated dollars, not how well they will do it. The Subcommittee expects to have a lengthy dialogue with the Forest Service on the use of performance measures in its budget and for use in assessing the achievement of GPRA strategic plan goals and objectives.

### II. DATA RELIABILITY

The DOI's fiscal year 2000 annual performance plan provides a standard format for identifying data collection methodology and sources, as well as validation of this data among the different bureaus. While this format provided a valuable overview of the different systems being developed or currently in use by the department to provide and ensure credible performance-related data, it was relatively broad and non-specific in its treatment of the systems.

The Subcommittee is nevertheless aware that the Department and several individual bureaus are attempting in several instances to upgrade or modify information systems in order to better support their performance plans. Collection of specific performance data and the information systems required to manage such data may often require additional resources. The Subcommittee will continue to work with the bureaus to prioritize information system needs necessary to produce credible performance reports, but is mindful that the usefulness of a data set or information system often does not correlate to its size, complexity, or expense.

The DOI performance plans do not address in great detail the weaknesses or limitations of the performance data that is being collected, though the plans of the Bureau of Land Management and the Fish and Wildlife Service have improved in this regard.

The Forest Service has proposed a multitude of new performance measures as part of its fiscal year 2001 budget. These measures are linked to the agency's revised GPRA strategic plan goals and objectives. Since these measures are new, it is unclear whether the data necessary to determine these measures is unreliable. However, the agency has recognized problems with data collection and reliability in a number of areas which would appear to call into question performance measures based on such information. For example, some performance indicators related to programs under the National Forest System appropriation will rely on data collected through the agency's Management Attainment Reporting [MAR] system. Current checks are not in place to ensure that this data is complete, accurate and consistent with other data sources. Another significant problem with data collection in the agency has been the interpretation of definitions used for individual data elements, such as "deferred maintenance." The agency needs to do a better job of ensuring that definitions are consistently applied and interpreted across all regions and levels of the agency.

### III. HIGH RISK PROBLEMS

In January 1999, GAO published a report identifying high-risk problems in Federal agencies. GAO identified as a high-risk management problem DOI's management of the $3 billion Indian trust fund, which has long been characterized by inadequate accounting and information systems, untrained and inexperienced staff, poor record keeping and internal controls, and inadequate written policies and procedures. The Office of the Special Trustee was created specifically to ensure that the Department establishes appropriate policies and procedures, develops necessary systems, and takes affirmative action to reform the management of Indian trust funds. Thus, each of the agency's performance goals addresses the problem highlighted by GAO.

GAO identified as an additional high-risk management problem DOI's distribution of about $800 million each year in Tribal Priority Allocations [TPA] in a manner which does not take into consideration the tribes' changing needs, the tribes' own revenues, or the funds necessary to fund fully the tribal programs. The Bureau of Indian Affairs' [BIA] performance goals do not address the problem highlighted by GAO. Indeed, BIA recently provided a report to the Congress on TPA in which it explicitly rejected any consideration of tribal revenues and any redistribution of TPA "base" funds in response to changing needs. This continues to be a matter of great concern to the Subcommittee as a matter of both GPRA planning and fundamental fairness.

The Forest Service has had persistent problems with respect to its financial systems. The agency's financial statements have been subject to annual audit by the USDA Inspector General and GAO since fiscal year 1991. However, the agency has yet to receive a clean audit opinion, despite repeated promises to improve its performance. GAO added the Forest Service to its list of agencies at "high risk" of waste, fraud, abuse and mismanagement due to the unreliability of the agency's financial statements. The Forest Service has implemented a new accounting system designed to cure these problems. In addition, the agency also believes that its proposed new budget structure and performance measures will help ameliorate its fiscal accountability problems. Even if true, it is unlikely that the agency can obtain a clean opinion for several years. The Subcommittee remains very concerned about financial management and accountability at the Forest Service.

## IV. CONSULTATIONS

The Department and its individual bureaus have generally been forthright and timely in their consultations with the Subcommittee on performance plans.

The Department of Energy programs within the Subcommittee's jurisdiction have done a less thorough job of consultation.

Consultations with the Department have in some instances resulted in changes in specific performance goals or measurements, but have been primarily useful in providing a forum in which to convey to the Department ways in which the performance plans can be made more understandable and more useful to the Subcommittee.

All agencies must do a better job of continuing consultations with the Subcommittee regarding changes in goals, performance plan structure and performance measurements. The agencies must also do a better job of discussing annual budget requests in relation to individual performance plans.

The Department has a planning office that is separate from the Office of Budget, but both report to the Deputy Assistant Secretary for Budget and Finance. This is also the typical design for DOI bureaus (i.e. separate offices reporting to the same higher authority), although the BIA has planning and budget staff in the same office, and Geological Survey has at least one person in the budget office who works on GPRA issues.

The existence of two separate offices has at times impeded effective cooperation and consultation in the development of GPRA plans. In a number of cases, information contained in fiscal year 2000 budget documents does not match information contained in performance plans. The National Park Service is one example. The Department is encouraged to emphasize closer working relationships between budget and planning offices.

The Forest Service has attempted to actively consult with the Subcommittee concerning its proposed budget structure changes and related performance measures. However, despite the Subcommittee's request to have this information provided well before the fiscal year 2001 budget submittal, the agency was unable to do so. This delay will hamper the Subcommittee's ability to fully consider these proposed changes and to work with the agency on how improvements could be made in this regard. Timely responses to the Subcommittee's requests will better facilitate the achievement of GPRA goals in the future.

## V. USEFULNESS

While the Department's bureau sub-plans make for a lengthy annual performance plan, most of the individual bureau plans have made significant improvements in terms of user-friendliness. The Department has developed a relatively consistent format for each of the bureau plans and has streamlined the plans so that there are fewer, more focused goals and measures. In most cases, one need not read the individual performance plans in conjunction with the budgets, as there has been an attempt to link the performance plans to budgetary information. In some cases there are inconsistencies with the agency budget and the performance plans.

The DOI bureaus have generally tried to link funding resources to performance goals. The component plans, however, did not always clearly relate the program activities in the President's budget to performance goals. For example, it was not always clear how the funding for budget program activities would be allocated to performance goals in the plans of BIA, the Bureau of Land Management and the Fish and Wildlife Service. The U.S. Geological Survey, on the other hand, was relatively successful in showing the relationship between performance goals and budget activities. For the performance plans to be truly useful to the Subcommittee in evaluating agency budget requests, this linkage must be more clearly and carefully established across all Department bureaus.

The Department of Energy programs under the Subcommittee's jurisdiction have fallen short in linking performance goals to budget activities. While the Department has shown some improvement by more consistently stating the reasons for annual increases or decreases requested for particular budget activities, the relationship between these budgetary changes and annual performance goals is not clearly established. The budget justification is replete with statistics on energy savings, emissions reductions and other performance measures for specific programs, but there is little or no discussion of whether the budget requests for these programs are driven or influenced by these measures. In short, it is difficult to tell whether the Department is directing resources to the programs that get the "biggest bang for the buck," or, if not, why not.

Given the general lack of baseline data for many performance measures and the still shaky linkage between most agency performance plans and budget documents, the performance plans are generally not yet useful for making funding decisions. There are exceptions, however, and most of the plans demonstrate potential to become valuable decision-making tools once reliable baseline data is developed and once clearer relationships are established to agency budgets.

Any improvements to the plan that allow the Subcommittee to focus on the most critical issues in the plan would be valuable. The Subcommittee will benefit from the streamlined performance goals that many agencies adopted, as well as the consistent format that was developed to make the plans more user-friendly. While there is the benefit of more focused, streamlined information in the plan, it is only useful if there is an underlying dedication to ensuring the accuracy of the data from the field to the regional and national offices. The credibility of the performance plans over time will further be measured by the openness of the agencies in assessing the strengths and weaknesses of their respective plans (e.g. data measurement, validation, choice of goals, etc.), and providing that information to the Subcommittee. These documents are not solely intended to be a mechanism for justifying budgetary increases, but rather to provide an accurate picture of agency performance that will serve as the guide for future direction.

## SUBCOMMITTEE ON LABOR, HEALTH AND HUMAN SERVICES, AND EDUCATION, AND RELATED AGENCIES

## DEPARTMENT OF LABOR

### I. PERFORMANCE GOALS AND MEASURES

The goals and measures of the Department of Labor [DOL] are focused on important objectives of its programs and activities and cover key aspects of performance. In general, the performance goals are comprehensive and explicitly cover all program activities in the Department's budget, as required under the Results Act and related guidance.

The Department's plan includes several goals and measures that are expressed as outcomes as well as several measures that are expressed as processes or activities. In several instances, the Department has developed outcome goals where it is logical to do so. Also, its fiscal year 2000 performance plan is an improvement over its 1999 plan in that some prior goals were modified to better focus on outcomes. While some of the Department's goals and measures are focused on processes or activities, the use of such goals and measures is not necessarily inappropriate. One such goal, for example, is meeting or exceeding standards for promptness in paying worker claims for unemployment insurance and deciding appeals.

The levels of performance DOL seeks to attain, as reflected in its plan, are understandable in light of, among other things, what is known about past program performance. However, it is difficult to judge how challenging all of the goals and measures are without past performance information for each goal. The first agency annual performance reports (based on their fiscal year 1999 performance plans) are due this spring. As agencies begin reporting on the actual levels of performance they have achieved, determining how challenging performance goals are will become easier. Another complicating factor is that DOL lacks baseline data against which to measure some goals.

In general, the Department's performance goals are objective, measurable, and quantifiable. While baseline data are shown for most indicators that can be used to compare past performance with projected performance, baseline data have not been established for several performance goals. For example, one performance goal is to increase by 2 percent over fiscal year 1999 the percent of those leaving the Trade Adjustment Assistance and the North American Free Trade Agreement-Trade Adjustment Assistance programs that: (1) get a job immediately; and (2) still have jobs 13 weeks later. The plan notes, however, that a 1999 baseline will be established when a new reporting system under development provides data on performance. Another problem is that some goals and measures are based on old data and thus do not depict current conditions. For example, one performance goal is to reduce three of the most prevalent workplace injuries and causes of illnesses by 7 percent from baseline levels in selected industries and occupations. However, the baseline data for assessing workplace injuries are over 4 years old, raising concerns that some of the Department's performance measures may not provide timely assessments of performance.

One of the improvements in the Department's fiscal year 2000 plan over its 1999 plan is the elimination of some performance goals that were of limited value or questionable validity because they did not sufficiently measure performance and/or could lead to unintended consequences. In the 1999 plan, for example, DOL presented performance goals that used the number of complaints received as indicators of compliance with worker protection and civil rights laws. Such measures could have the unintended consequence of encouraging management to discourage the filing of otherwise meritorious complaints. In the fiscal year 2000 plan, DOL eliminated such measures.

Although the Department's goals discuss efforts to work with other Federal agencies, the plan does not identify specific actions DOL will take to ensure effective interaction with other Federal agencies. Specifically, the plan does not identify common or complementary performance goals and measures elsewhere in the Federal government that relate to the Department's goals and measures. For example, although two performance goals relate to helping veterans find jobs, no mention is made of how DOL will work with other Federal agencies, such as the Department of Veterans Affairs. In addition, to assist youth in making the transition from school to work, DOL stated in its plan that, working with the Department of Education [DOE], it will continue to expand school-to-work activities and will build partnerships at the State and local levels that include employers, organized labor, community leaders, educators, and parents. However, the plan provides no information specifying what is being done with DOE to jointly achieve these goals and how all these partnerships will help DOL achieve its goal of engaging youth in school-to-work activities.

While mission fragmentation and program overlap are relatively straightforward to identify, determining whether overlapping programs are actually duplicative requires a much more in-depth analysis of program goals, the means to achieve them, and the targeted recipients. While this task is difficult, DOL could use its Results Act plans as a mechanism to address such challenges. But, as noted above, the Department's fiscal year 2000 plan does not adequately describe how it will actively work with other agencies to ensure that the Department's goals are achieved. This is a challenge for DOL, especially in light of the Department's decentralized structure and the numerous Federal, State, and local partners that share responsibility for its programs. For example, not only does DOL itself have 22 offices, many with overlapping responsibilities, but for many of its programs, such as job training, enforcement of workplace standards, and collection of economic and workforce statistics, DOL must work with State and local governments or nongovernmental organizations that often manage the Department's programs on a day-to-day basis. The 1996 welfare reform legislation and the Department's welfare-to-work grant program created in 1997, combined with the passage of the Workforce Investment Act in 1998, have affected the nation's job training system in ways that are now just beginning to become apparent. The developments require DOL to re-evaluate its approach and reach out more effectively to other departments, especially the Department of Health and Human Services.

II. DATA RELIABILITY

The Department lacks adequate information to assess whether many of its programs are operating efficiently and are producing intended results. In its plan, DOL recognizes that it faces challenges in overcoming three performance measurement issues: (1) lack of data, (2) insufficient data, and (3) untimely reporting. The Department further notes that data are missing in some areas and that data integrity is an issue in other areas where existing measures are insufficiently precise or are unreliable. These problems raise concerns about the Department's ability to accurately measure the extent to which performance goals are achieved. The Department identifies some activities planned to address the quality of its data. It will, for example, develop a departmentwide information technology architecture as well as departmentwide data standards to facilitate the efficient collection of timely and reliable program data by the DOL components. However, DOL does not provide enough specific information on the details of its efforts to provide readers a clear understanding of how or when such efforts will improve the quality of its performance information.

While DOL identifies data system shortcomings in one section of its plan, it states in another section that these same data systems are reliable. Overall, the Department's plan does not adequately describe how the lack of complete, timely, and reliable data may affect its ability to assess its performance goals. For example, DOL notes that GAO and the Office of Inspector General have raised concerns about Job Corps data, but there is no discussion of how these concerns affect the measurement of the performance goal related to the Job Corps program. While the plan discusses some strategies for overcoming data weaknesses and limitations, the plan does not provide sufficient information on how or when these limitations will be overcome.

III. CONSULTATION

The Department did conduct a series of formal consultations with the House and the Senate Subcommittees on its current strategic plan.

IV. USEFULNESS

The Department's plan is fairly well organized and in many cases effectively uses graphics to inform the reader. In its plan, DOL presents 42 performance goals and 122 means and strategies with which to achieve its goals. This number of goals and strategies strikes a balance between presenting so few as not to provide a comprehensive picture of agencywide performance and presenting so many that a reader is overwhelmed. In some instances, the means and strategies presented do not identify how they would help achieve the stated goal. For example, one performance goal states that 60 percent of local employment and training offices will be part of one-stop career center systems. In a related strategy, DOL states that it will "continue its support of the adoption and implementation of continuous improvement initiatives throughout the workforce development system," but does not indicate how these efforts will help achieve the one-stop career center performance goal.

In general, the Department's performance plan clearly aligns the agency's annual performance goals and its current strategic goals. To establish the connection between annual and longer-term strategic goals, DOL links multiple annual goals to intermediate goals, referred to as "outcome goals" in the plan. These intermediate goals describe the anticipated results of the agency's programs and activities relative to the strategic goals. Each strategic goal is linked to multiple intermediate goals. The plan also incorporates an appendix that shows the relationship among all of the Department's program and budget activities and its strategic goals.

The Department's plan provides a generally clear picture of intended performance across the agency and provides a general discussion of strategies and resources the agency will use to achieve its goals. In general, the performance goals and measures are objective, clear, and measurable. In these respects, the plan is a useful document.

The Department could improve its plan by showing how specific program activities and their funding relate to more discrete sets of performance goals. For example, the plan explicitly describes incremental funding requests for new initiatives by strategic goal, but broadly aggregates the Department's total budget across the three strategic goals. In addition, DOL needs to improve the quality of data being used to measure performance and state in its plan when it will do so. The Department could also improve its plan by better explaining how its stated strategies will help DOL achieve individual performance goals.

## DEPARTMENT OF HEALTH AND HUMAN SERVICES

### BACKGROUND ON THE HHS FISCAL YEAR 2000 PERFORMANCE PLAN

The Health and Human Services [HHS] Fiscal Year 2000 Annual Performance Plan, which was submitted to the Congress as a component of the Justification of Estimates of the President's Fiscal Year 2000 Budget, consists of several documents: the HHS Fiscal Year 2000 Performance Plan Summary and the HHS Operating Division performance plans, which are incorporated directly into the fiscal year 2000 budget documents. A description of the information contained in these documents follows:

—The Performance Plan Summary provides the overall Departmental context for the plans, demonstrates how HHS' performance goals and measures support the HHS strategic plan, and addresses performance measurement challenges for HHS.

—The Operating Division annual performance plans include performance goals and measures for all of HHS' program activities and provide the linkage to the budget that is critical to the GPRA requirements for annual performance plans.

I. PERFORMANCE GOALS AND MEASURES

As required by the Results Act, HHS has established a strategic plan that identifies the critical and fundamental long-term performance objectives that HHS seeks to achieve with funds appropriated for HHS and its programs. In turn, the HHS operating divisions establish annual goals and targets for their program activities that are consistent with the program's budget request, the legislative intent of the program and the relevant long-term goals set out in the strategic plan. In this way, the goals and measures established by the Operating Divisions are not only focused on the objectives of the program activity, but also on the long-term goals the Department hopes to achieve.

For the most part, the Department's goals are results-oriented. Throughout its agencies and programs, HHS has defined a balance of outcome, output and process measures in its performance plan. While HHS seeks to measure its results with measures of program outcomes as a matter of routine, in some cases it is not able to include these because of the lack of data to measure performance, or because of the need to work with performance partners (such as States) to develop mutually agreed upon outcomes. When using capacity and process measures, HHS programs have provided clear linkage between the achievement of these measures and longer-term outcome objectives as appropriate.

HHS has set goals and measures that are consistent with the legislative intent of its programs and of the Results Act, as well as with the long-term outcomes the agency hopes to achieve. HHS has attempted to set goals and targets that are challenging, but could realistically be met.

Reliability of data was a key criterion in the selection of performance goals for the HHS fiscal year 1999 and fiscal year 2000 performance plans. Any limitations on the reliability of the data used to measure goals are discussed in the appropriate sections of the performance plan. The Department's performance goals and measures for programs administered by performance partners rely for the most part on data sources that have supported program decision-making for many years. Where it is appropriate, standards for the validation and verification of data from such performance partners will be consistent with the intended purpose of the data, which is to "inform" decision-making processes. The HHS Fiscal Year 2000 Performance Plan Summary includes a Department-wide discussion of the data challenges faced by HHS programs and their implementation partners. More detailed, program-specific discussions of data issues are included in the individual performance plans of the HHS agencies.

HHS and its Operating Divisions have made an effort to ensure that performance goals will be high-quality indicators of performance. Because of the way that HHS programs intersect with those of State and other non-Federal partners, HHS pursues program performance measurement with the cooperation and authoritative participation of its partners. HHS has developed performance goals and measures with a focused outcome in mind. HHS seeks to identify high-quality performance data that will inform deliberations of

HHS and other decision-makers in improving the programs that serve the health and human service needs of the public.

Throughout the implementation of the Results Act, HHS has encouraged its programs to coordinate with other programs, both within and outside the Department, that share objectives or serve similar customer groups and to briefly discuss this coordination in their performance plans. Due to the extensive involvement and authority of non-Federal partners in program implementation and management, HHS programs have consulted significantly with their program partners and stakeholders in the identification of program outcomes and the development of goals and data sources to measure progress towards those outcomes. For example, the Health Care Financing Administration has led negotiations with the States to develop a goal and targets pertaining to the Children's Health Insurance Program. The Health Resources and Services Administration and Office of Public Health Service have agreed to use the same goal.

Evidence of the coordination of crosscutting activities can be found in both the Performance Plan Summary and in the Operating Divisions' annual performance plans. The Summary serves as the source document for understanding the cross-cutting, coordinated nature of HHS approaches to meeting the long-term objectives of the Department. The Summary also highlights coordination efforts across the Federal government. Program-specific discussions of coordination activities can also be found in the Operating Division annual performance plans.

Many of the programs administered by HHS involve goals and objectives that are shared by other programs within the Department and by other agencies and departments within the Federal government. The overlap between these programs could be viewed as being duplicative and redundant. However, they often involve a range of interventions that are dissimilar and represent complementary—rather than duplicative—approaches. For example, in the tobacco programs, several agencies contribute to the Department's goals to reduce tobacco use, especially among youth. The Food and Drug Administration and Substance Abuse and Mental Health Services Administration [SAMHSA] programs limit tobacco access to minors with an emphasis on enforcement, National Institutes of Health conducts research on nicotine addiction, and Centers for Disease Control and Prevention promotes smoking cessation and prevention programs directed at youth. In some cases, the programs differ from one another because of uncertainty about what will work. In such cases, the range of interventions represents natural experiments and provides information to society about the most effective approach.

## DATA RELIABILITY

For the most part, HHS agencies collect data from reliable data systems that have informed decision-making for several years. However, the reporting requirements of the Results Act do not adequately accommodate the needs of States, local governments, universities, other grantees and other performance partners in reporting about program performance. Traditionally, reporting of program data by such entities requires significantly longer time frames than those defined in GPRA. Non-Federal program performance partners participate in GPRA voluntarily because they are not specifically required by GPRA to be held accountable for the performance reporting required under the Act. Because they are often the sole sources for the information on outcomes that is most valuable for GPRA assessment, HHS has pursued voluntary cooperation of performance partners in providing data to assess program performance under GPRA.

### II. HIGH-RISK PROBLEMS

In January 1999, GAO published a report identifying high-risk problems identified in Federal agencies. In his letter to Secretary Shalala on the matter, Senator Thompson, chairman of the Senate Governmental Affairs Committee, acknowledged the positive efforts of HHS to develop performance goals for management challenges identified by the GAO and the HHS Office of the Inspector General. In its fiscal year 2000 plan, HHS had direct goals for 12 of 14 areas identified as weaknesses. The Subcommittee will continue to monitor HHS' efforts to rectify these high-risk problems.

### III. CONSULTATIONS

GPRA requires consultation with Congress on strategic plans. HHS did conduct a series of formal consultations with committees of the House and the Senate on its current strategic plan, and will do so in the upcoming revision. HHS did not consult formally on performance plans, since the Act does not require it.

The Budget Office within the Office of the Assistant Secretary for Management and Budget has the lead for the implementation of GPRA across HHS. Given the decentralized structure of the separate components of HHS and the disaggregated nature of its performance plan, HHS relies primarily on its Operating Divisions to develop annual goals and measures for individual programs.

### IV. USEFULNESS

HHS and its Operating Divisions have worked to make the HHS Performance Plan Summary and the Operating Division performance plans clear, coherent and user-friendly. HHS has attempted to make its presentation of performance as informative and useful as possible to a wide array of audiences.

The HHS Performance Plan consists of the HHS Performance Plan Summary and the individual Operating Division Performance Plans. The HHS Performance Plan Summary provides the linkage between the Departmental strategic objectives and the annual performance measures used by each operating division and program to achieve these longer-term objectives. The Operating Divisions base the annual goals and targets for each program activity on the longer-term objectives established in the strategic plan, the legislative intent of the program activity (i.e. its programmatic intent and daily operations), and the budget request for the program activity. Each Operating Division Performance Plan provides detailed performance information by program activity that addresses these linkages.

As greater amounts of reliable and valid performance information become available, the Performance Plan may become more useful as a tool for making budget decisions. However, until performance information matures over time, the utility of the performance plans will be somewhat limited. In addition, observations of performance data for a single year will not be particularly definitive or valuable in making decisions about program improvements or funding levels.

Over the last year, HHS has responded to valid OMB criticisms that plans across HHS lacked standardization. As a result, the HHS-wide GPRA Management Team developed a standardized presentation format that all HHS components will apply to fiscal year 2001 performance plans and reports. It is anticipated that these changes will make the plans more useful and informative.

## DEPARTMENT OF EDUCATION

### I. PERFORMANCE GOALS AND MEASURES

In general, the performance goals and measures for the Department of Education [DOE] are fairly comprehensive and relate to nearly all of the Department's budgeted programs and activities.

In general, DOE's performance objectives and measures are results-oriented. They focus on improving conditions or expanding opportunities for students and other stakeholders such as teachers or DOE employees. For example, one DOE objective is to have a talented and dedicated teacher in every classroom in America. One of the performance measures states that throughout the nation, the percentage of secondary school teachers who have at least a minor degree in the subject they teach will increase annually. Another objective states that greater public school choice will be available to students and families. Performance measures provide that by 2003, 25 percent of all public school students in grades 3–12 will attend a school that they or their parents have chosen.

It is difficult to judge how challenging all of the goals and measures are without past performance information for each goal. As required for all agencies, DOE's first annual performance report is due this spring. Once agencies begin reporting on the actual levels of performance they have achieved, determining how challenging performance goals are will become easier.

Many of the performance goals and measures in the agencywide performance plan were generally objective, measurable, and quantifiable, but many in the individual program performance plans were not. The Subcommittee noted that many of the performance measures for individual programs lacked quantifiable baselines or targeted levels of performance for the fiscal year, which could hinder the Department's ability to assess its performance.

The plan calls for the supporting and funding of education programs in the States, localities and universities, and effectively managing the use of these resources, thereby creating the potential for competing demands. The Subcommittee believes there is a sense of balance in how the plan approaches these potential competing demands. As an example, one objective discusses how DOE will provide greater flexibility to State and local educational agencies while maintaining accountability for program performance.

Nearly all objectives in DOE's plan include a discussion of the coordination the Department will need with other Federal agencies to achieve the objective and, in general terms, describe the issues or efforts that require this coordination. But the plan does not identify or describe common or complementary performance goals and measures elsewhere in the Federal government that relate to DOE's goals and measures; nor do the individual program performance plans discuss coordination or complementary goals and measures.

In its effort to identify duplicate programs, DOE's performance plan includes a separate appendix listing agencies with overlapping or similar programs with which DOE will need to coordinate.

II. DATA RELIABILITY

Data reliability continues to be a problem for DOE. Since the early 1990s, DOE has been challenged to fully develop accounting and financial information management systems that would generate complete and accurate data to support its performance plans and performance reports. DOE's OIG reported in its fiscal year 1997 audit report that the Department's financial management systems did not substantially comply with the Federal Financial Management Improvement Act of 1996. For example, DOE does not have a subsidiary ledger to track guaranty agency activity for both loans receivable and reserves held by guaranty agencies. In addition, although it began to use a new integrated financial management system in May 1998, the Department continues to experience difficulties in implementing and operating this system.

More recently, DOE's preparation of the fiscal year 1998 financial statements and the related audit were delayed until the Department reconciled the general ledger data and resolved significant differences between the general ledger and other related information. The independent auditor rendered a disclaimer of opinion on DOE's fiscal year 1998 financial statements because of serious deficiencies in the Department's systems, recordkeeping, documentation, financial reporting, and controls.

In general, the DOE performance plan describes the limitations of its performance data and its efforts to verify the reliability of performance measures. For example, for one performance indicator—to annually increase the percentage of students and their parents who obtain information on the academic requirements for college or other postsecondary education—the Department acknowledges that no data currently exist on the extent to which students obtain this information. The plan also says that DOE will supplement any data limitations with the results of evaluation studies it conducts or contracts out as well as with the results of onsite reviews or routine monitoring by Department staff.

The plan also recognizes that the large number of individual education programs in States, communities, and schools makes it even more difficult to create sound measurement systems, due to differences in their data collection and reporting techniques, and that it may take several years to fully develop and implement measures to improve reliability.

There are instances, however, where the plan recognizes data limitations, but does not indicate how some of them will be resolved. For example, there is an objective to ensure that postsecondary students receive the financial aid and support services they need to complete their education. One indicator for this objective states that the Department will assess whether the gap in college graduation rates between low-income and high-income, and minority and nonminority students is decreasing. The Department expects to acquire these data from the Beginning Postsecondary Students Study, which is conducted only once every 8 years. Until these data are available, DOE is using data from another source. But these data do not capture differences in graduation rates by income level, and the plan does not note how DOE will acquire these data.

### III. HIGH RISK PROBLEMS

Of the five major management challenges GAO identified in the Department, three are addressed through performance objectives in the plan. For the other two, the plan describes steps DOE will take to address the challenges, but does not outline specific goals or objectives to do so.

The Subcommittee believes DOE is committed to addressing these challenges and has made some progress in addressing management shortcomings, such as reducing the default rate on Federal student loans. The performance plan addresses these challenges; however, progress since its issuance has been sparse. For example, there is a debate within the Department as to the best strategy for integrating the information systems supporting the student aid programs. DOE received a disclaimer of opinion on its fiscal year 1998 financial statement audit because of weaknesses in a new automated accounting system, inadequate account reconciliations, and insufficient documentation for transactions.

### IV. USEFULNESS

Although it is voluminous (2 volumes totaling around 500 pages), the Department's performance plan is generally helpful, informative and relatively easy to navigate. It is well organized—the descriptions for each goal and objective consistently follow the same format. The plan shows clear linkages between annual goals and objectives and the strategic plan, the Department's budget, and its mission statement. However, the large number of performance objectives and indicators make the plan more difficult to comprehend.

Generally, DOE provides clear linkages between and among the plan's annual performance goals, the mission and goals established in the strategic plan, the budget program activities, and its day-today operations. The order in which performance goals and objectives are described in the performance plan mirrors the organization in the strategic plan. It contains a separate appendix that generally relates each of the Department's budgeted program activities to one or more strategic plan goals and objectives. However, the Subcommittee found a few program activities that were not included in this appendix—in particular, the departmental management account that funds agency operations. Another plan appendix shows the funding and staffing resources associated with each objective, but it does not explain how these resource levels were determined from the program activities in DEO's budget request.

The description for each strategic objective includes a fairly lengthy discussion of key strategies for achieving that objective, including the role of budgetary resources and legislative initiatives. The descriptions also list Department programs that support the objective.

DOE's plan provides a general picture of intended performance across the agency, a general discussion of strategies and resources the agency will use to achieve its goals, and general confidence that agency performance information will be credible. In these respects, the plan is a useful document. The plan includes tables linking performance goals and measures to most budgeted programs and activities. In addition, the plan includes baseline or trend data for most performance indicators, discusses need for coordination with other Federal agencies, describes data limitations and verification of the reliability of performance measures, and shows how evaluations will be used to supplement for performance measurement shortcomings.

DOE's plan could be improved by more completely discussing coordination of specific programs with similar programs in other agencies, as well as coordination of complementary performance goals and measures, including separate discussions of how capital assets, mission critical management systems, or human capital will support achievement of program results, and indicating how existing data limitations will be resolved.

## SUBCOMMITTEE ON TRANSPORTATION

### I. PERFORMANCE GOALS AND MEASURES

Generally, the Department of Transportation's [DOT] performance goals and measures focus on several of the most important challenges facing the Department. However, one of the weaknesses cited by the GAO in its review of the Department's performance plan was the lack of a consistent link of the performance goals to the strategic outcomes and the lack of consistent inclusion of goals and measures for addressing the management challenges facing the Department. The Office of Inspector General [OIG] identified the lack of accountability for financial activities as a key challenge for DOT. It is too early to tell whether the Department's recognition of this continuing deficiency has been adequately addressed by the steps taken in response to the OIG recommendations. Many of the challenges identified by the GAO and the OIG are long-standing and will require sustained attention by DOT and the Congress.

The Department's goals and measures are result-oriented, with the caveats noted above. The plan's goals and measures are objective, quantifiable, and measurable. For all except a few performance goals, the Department's plans describe target levels of performance in both annual and multi-year terms.

The Department's goals and measures vary depending on the likelihood of meeting the challenge. Almost invariably, the goals and measures move the Department toward qualitative or quantitative improvement in the safety and performance challenges generally considered to be the primary Federal issues relating to transportation.

Tradeoffs between competing goals are not readily obvious, and the Subcommittee has not identified any unintended or perverse effects from the articulated goals or measures. A more relevant concern might be the myriad activities to address a specific initiative, i.e., the identified high-risk information technology initiative for the Federal Aviation Administration's [FAA] air traffic control modernization program. The DOT plan could be focused and significantly improved in this specific area by consistently including goals and measures for addressing endemic, long-term problems facing the Department in the procurement, information technology, and financial management arenas.

The DOT performance plan notes the obvious cross-cutting activities at other Federal agencies, but the Subcommittee believes that cross-cutting issues present an area ripe for efficiencies or for goal specialization. For example, the plan states that both the FAA and the National Aeronautics and Space Administration have similar performance goals in the area of aviation fatalities. However, the plan is thin on the nature of the coordination or in describing the relative roles played by the respective agencies in meeting that goal. Further, several possible shared goals with other agencies are either not articulated at this point or are not areas in which DOT envisions management or programmatic advantages from greater coordination. Another danger of plans built with substantial cross agency participation and support is that, unless the additional agencies share the Department's enthusiasm for the program the Department can quickly find itself the single parent of a very resource-demanding program in its infancy. Greater coordination and reconciling of plans and budget submissions should help foster cross-departmental initiatives.

The current plan does not identify crosscutting programs.

## II. DATA RELIABILITY

In most of the general goal and performance measures, DOT has information sources available to generate reliable data to support the performance plan and to credibly report to Congress on the status of progress toward identified goals. However, a continuing deficiency for DOT generally has been a lack of accountability for the Department's financial activities and an impaired ability to manage programs, procurements, and activities in an effective and efficient manner. Since the early 1990s, when the OIG began auditing the financial statements of certain agencies within DOT, the OIG has been unable to determine whether the reported financial results are correct and has accordingly been unable to clear the statement with an unqualified opinion. The main deficiencies have been the Department's inability to reliably determine the quantities, the locations, and the value of property, plant, equipment and inventory. Financial management weaknesses at the FAA contribute significantly to this problem. The Department lacks a cost accounting system or an alternative system for reporting project and activity costs. This deficiency generally makes it questionable whether DOT can adequately link costs factors with performance measures in any area of financial, procurement, or cost effectiveness.

The Department notes that it is pursuing cost accounting improvements, but the Subcommittee is concerned that any real improvement in this risk area is at least two years off. In addition, the plan acknowledges identified concerns about limitations and expresses a willingness and intent to remedy shortcomings. However, on an anecdotal basis, it is difficult to identify actions taken toward those ends at this time.

The GAO does note that the 2000 performance plan made substantial improvements over the 1999 plan in the area of performance measures to address the data issue weaknesses. Whether these measures remedy the current weaknesses is still an open question.

## III. HIGH RISK PROBLEMS

The Department continues to have substantial problems in two major risk areas identified by GAO: (1) significant cost overruns, schedule delays and performance shortfalls experienced by the air traffic control modernization program; and (2) serious financial management weaknesses at the FAA. These problems have been documented and identified by the OIG, GAO, the Department and Congress, and solutions have been suggested. Although some actions have been taken to address these recommendations, major performance and management challenges persist.

These high risk areas are not new to the agencies or DOT. Solutions have been elusive, but the Subcommittee has no reason to question the Department's commitment to finding long term solutions for any of the GAO or IG identified problems.

## IV. CONSULTATIONS

The Subcommittee staff has maintained an ongoing dialogue with Department officials involved with the Results Act requirements and effort. The benefit of consultations is more relevant as the performance plan elements migrate into budget formulation and execution within DOT and the individual modal administrations. That evolution has yet to fully be embraced by the entire Department, even though Results Act integration responsibilities are vested in the Office of Budget and Programs. Concurrent responsibility for budget formulation in the Office of the Secretary by itself does not insure individual modal attention to performance goals or guarantee that OMB will respect the programmatic requirements of those goals as annual budgets are formulated and reviewed.

## V. USEFULNESS

A second printing of the Department's performance plan was required due to other agency interest in the Department's innovative plan approaches. The plan is clear, concise and well organized, and it warrants favorable comparison to other recent publications by transportation officials and opinion-makers.

The Department's plan provides the necessary linkages between performance goals and mission statements. However, the Department's ability to implement performance management is limited by the lack of a reliable cost accounting system and the management problems in procurement and personnel management. Clearly, DOT has made major strides with its performance plan, but that plan has yet to penetrate the day-to-day operations of the Department, the modal administrations, or the procurement or personnel processes.

The plans are very useful documents for determining how DOT views the relative and absolute importance of its disparate goals. In addition, it is a valuable gauge of whether the Departmental leadership is serious about remedying identified deficiencies or inconsistencies in programs, activities, management, or direction.

The Department has been recognized as a leader in implementing the Results Act. GAO noted that the Department's Fiscal Year 2000 Performance Plan should be a useful tool for decision makers. It provides a clear picture of intended performance across DOT, a specific discussion of the strategies and resources that DOT will use to achieve its goals, and general confidence that the Department's performance information will be credible.

However, GAO also noted improvements that could be made to the Department's plan. Two of the recommended improvements relate to the critical management challenges identified by GAO and DOT's OIG. GAO suggested that consistently including goals and specific measures for addressing these challenges and a full explanation of how the Department will address certain financial management challenges would improve the plan. Other GAO suggestions include: (1) including at least one annual performance goal for each strategic outcome; (2) describing the nature of the coordination with other Federal agencies that have outcomes in common with DOT and consistently discussing the Department's contribution to the crosscutting programs; and (3) improvements in data systems.

## SUBCOMMITTEE ON TREASURY AND GENERAL GOVERNMENT

## DEPARTMENT OF THE TREASURY

### I. PERFORMANCE GOALS AND MEASURES

The Department of the Treasury has four key missions in fiscal year 2000. Fulfillment of these missions requires actions by all agencies and entities within the Department. However, the Department has also developed the following additional performance goals and outcomes for each mission:

(1) Promote a prosperous and stable American and world economy (economic mission);

(2) Effectively manage the Government's finances (financial mission);

(3) Protect our financial systems and our nation's leaders, and foster a safe and drug-free America (law enforcement mission); and

(4) Continue to build a strong institution (management mission).

As reflected in individual agency performance measures, measures are expressed both as outcomes (maintain or improve economic conditions in developing countries) and as processes or activities (Customs Service air travel compliance rate of 97.7 percent). Because of the wide-ranging jurisdiction, this appears to be appropriate.

As a reflection of individual agency goals, most are reasonably challenging, in some cases (such as Customs Service) the result of the fine-tuning of measures. There is a combination of recurring measures, discontinued measures, and new measures, which leads to the conclusion that the performance plan is an evolving document.

Reliable measurement is dependent upon the individual agency or bureau. The Department required each agency or bureau to rate its performance data as having either reasonable accuracy or as having questionable or unknown accuracy. Those isolated measures which were identified as questionable or unknown are being evaluated to determine what needs to be done to improve the reliability of the data.

Several agencies contribute to each mission statement. Because the Department's performance measures reflect individual agency measures, it appears that great care has been taken by the Department to ensure balance.

There are some cross-cutting programs and activities similar to those in other areas of the Federal Government, such as the mission to "foster a safe and drug-free America". While these relationships are not specifically addressed in the Department's performance goals, in practice the agencies have formed close cooperative working relationships with other entities, and these relationships are reflected in their individual plans.

### II. DATA RELIABILITY

Because the Department's performance plan relies heavily on individual agency performance, the level of data reliability varies. For example, statistical agencies such as the Bureau of Public Debt have extremely reliable data, and the Bureau of Engraving and Printing has the ability to track items such as manufacturing costs for currency. On the other end of the spectrum, the Internal Revenue Service [IRS] is currently struggling with development of a new information technology modernization project and must rely upon outmoded technology for data collection. The Department's performance plan does not address any potential data limitations or weaknesses.

### III. HIGH RISK PROGRAMS

GAO highlighted four general challenges facing the Department of the Treasury: (1) IRS management and performance issues, (2) Customs Service financial management, (3) Financial Management Service financial management issues, and (4) department-wide financial management weaknesses. The performance plans for individual agencies reflect efforts to address these issues. The Department's performance plan contains a performance measure regarding the audit opinion on consolidated Treasury-wide financial statements.

The Department's performance measures for the goal to "Continue to build a strong institution" contain the measure of an unqualified audit opinion in fiscal year 2000. Since there have been qualified opinions since fiscal year 1998, reaching that indicator will require a serious commitment on the part of Treasury.

### IV. CONSULTATIONS

Individual agency performance plans were discussed with Subcommittee staff during the annual budget briefings. This is also the case with the Departmental offices' performance proposals. Over the past couple of years, the various agencies have incorporated the results of these consultations into subsequent submissions, making the consultations effective from the Subcommittee's point of view.

Until recently, there were two separate staffs responsible for budget and Results Act implementation, with the budget staff overseeing the evaluation and linkage issues. The Department recently merged these responsibilities under one deputy assistant secretary who is responsible for both budget and planning. While having separate staffs did not actually impede effective consultation, the merging of responsibilities will result in a more streamlined effort and information flow.

### V. USEFULNESS

The Department's concise summary of performance measures delineates the agency measures which impact a particular mission statement. If any additional information or explanation is required, it can be found in the individual agency's plan.

The performance measures are listed as supporting a particular mission statement which shows a clear link to that mission. However, because this is a concise summary of individual agency measures, it does not include references to budget program activities or day-to-day operations. Those linkages should be contained in the individual agency plans.

A summary of the Department-wide missions is extremely useful in seeing the big picture and as a measure of the role of the entities contained in the Departmental offices account. It is particularly useful because it shows the evolution of the measures for a particular mission by the inclusion of continuing measures, discontinued measures, and newly added measures. The Department further required individual agency and bureau plans to be integrated with the budget justification documents, which has been especially useful.

## CUSTOMS SERVICE

### I. PERFORMANCE GOALS AND MEASURES

The Customs Service has reorganized its operations around the following 3 core business processes which enable Customs to manage its programs and activities: (1) trade compliance (the commercial importation of merchandise), (2) passenger processing (the processing of passengers entering and leaving the U.S.), and (3) outbound processing (the commercial exportation of merchandise). In addition to these core processes, the enforcement systems area, when combined with the business processes, encompass all of Customs' operational activities. From these processes, Customs has developed 39 performance measures.

Customs' mission is to ensure that all goods and persons entering and exiting the United States do so in compliance with all laws and regulations. Customs, in conjunction with other Federal agencies, represents one of the Nation's principal means of border enforcement. Customs is establishing a framework for seeking improvements in organizational performance by focusing on improving service to its compliant customers while enhancing effective enforcement against willful violators.

Customs' goals and measures are reflected in terms of general policy statements such as "maximizing trade compliance", whereby the agency tries to measure the compliance level. The goals are not always inherently quantifiable. The majority of the goals and measures are expressed in terms of processes and activities and not as outcomes.

Customs has found, through the evaluation of its fiscal year 1998 performance plan, that many of its commercial targets were overly aggressive and resulted in Customs achieving only 11 of its 28 performance goals. Customs has achieved high levels of compliance in its air and land passenger processes and in revenue collection compliance. To improve trade compliance, Customs continues to pursue modernization efforts and will implement a formal set of trade surveys to assess customer perceptions and attitudes, while implementing more aggressive enforcement measures when necessary.

Throughout this process, Customs has realized that some of its original measures were not sufficient to achieve the goals set forth. Therefore, the agency has worked to modify or eliminate the ineffective measures through a formal evaluation process. In addition, Customs is implementing new means by which to receive critical performance information, particularly relating to the impressions of those that interact and are the "customers" of the Customs Service.

The largest difficulty Customs faces in terms of measuring performance is that Customs' mission of compliance and drug interdiction does not have defined scope upon which success or failure can be statistically based. For example, Customs can state how many pounds of drugs it has interdicted in any given year, but it cannot estimate the amount of drugs that are not interdicted or detected at the border. The biggest challenge for Customs is to translate an undefinable environment into effective, measurable goals and performance measures.

Of those which are quantifiable, Customs' performance measures have undergone major changes during the last few fiscal years. The agency recognizes that there is still much work to be done, as is evident in the development of several baseline measures and the discontinuation of other measures. The 1998 fiscal year for Customs was a continuous process of improving measures, evaluating how data was captured and validated, and how to more accurately capture the outcome and impact of mission related information. One example is that Customs is working to develop a new set of narcotic and money laundering outcome measures, which, when viewed in conjunction with the traditional outputs, paint a better portrait of the organization's impact.

Customs will continue the process of identifying and improving measures and better defining what should be measured within the organization. The real challenge for Customs is to determine if it is measuring what it should be measuring, to develop new measures or refine existing measures, to ensure data integrity of the new measures, and ultimately to use the data to assist in making sound resource decisions.

The Customs Service is in a unique position because its role at the border is shared with the Immigration and Naturalization Service [INS], and the inspectors for both agencies work side by side. Currently, the Customs Service and INS are carrying out the Border Coordination Initiative, a long-term effort to improve cooperation and performance of INS and Customs resources. Customs contemplates instituting another intensive narcotics enforcement effort. It will further refine the operations of its field intelligence teams for both agencies. The Border Coordination Initiative is specifically mentioned in Customs' performance plan.

### II. DATA RELIABILITY

Customs is developing tools to ensure performance measurement data integrity. For most of the data elements used in measuring performance, Customs has designated a data owner for that element. The owner of the data element is responsible for ensuring the quality and validity of the data and for assigning a "quality rating" for its respective element.

In general, Customs verifies and validates its data using an array of methods. These include management inspections, headquarters and field reviews, automated edits, program reviews, other agency validation, private sector feedback, and IG and GAO audits. An overriding concern continues to be the ability of the agency to establish mechanisms which can effectively and reliably collect the data being sought.

There is an inherent weakness with the data because Customs operates in an environment that cannot always be quantified. The primary example is that it is impossible to estimate and measure the amount of drugs that cross the border undetected. Customs acknowledges this weakness and continues to work with other agencies in a Federal effort to work toward better identification of the size of the drug problem.

In aspects where Customs can quantify the data, Customs is improving data collection by developing new baselines and using technology to assist the data collection and improve the validity of the data collected.

### III. HIGH RISK PROGRAMS

The asset forfeiture program, administered by Customs and the Justice Department, was on GAO's high-risk list since the inception of the list in 1990. Since the publication of the list in early 1999, Customs has been removed from the GAO high-risk list. The Department of Treasury, however, does remain on the list for seized asset management. There were no specific goals or measures included in the fiscal year 2000 performance plan for this issue. There are, however, action items in the Commissioner's Action Plan relating to this problem.

### IV. CONSULTATIONS

During the first year of reporting, fiscal year 1998, the Customs Service provided extensive briefings to get input and feedback from the Subcommittee. In addition, during this process Customs shared the means by which it was building its plans and how it wanted to proceed. As the plans have become more refined over time, the Customs Service has consulted with the Subcommittee on its performance plans concurrently with the Subcommittee's review of Customs' budget.

As a result of the consultations, the Customs Service and the Department of the Treasury as a whole have completely integrated their performance plans into their budget submission. Customs has taken each budget initiative and presented it in terms of its performance plan, which provides the Subcommittee the ability to validate the budget requests against the performance measures, and vice versa.

The budget document is the vehicle for the performance measures. The agency's performance plan is contained within the agency's budget submission, but the work is done by a separate planning staff that is closely linked with the budget office.

### V. USEFULNESS

Customs' performance plan is very clear and concise. It provides the Subcommittee with sufficient detail without providing too much information.

There are definitive links between the plan's goals and the mission. In fact, the primary component of the plan is the section titled "Relationship between the strategic plan and the annual performance plan," whereby each strategic goal and objective are laid out against the performance goal to which they are linked. In addition, the plan includes a section which lists those measures currently under administrative review because they are being either considered or validated. Finally, the most informative section of the plan is the "Definitions of Performance Measures" section which sets out each budget activity, defines all of the 39 performance measures, the accuracy and means by which the measure will be verified, and any current data available.

The performance plan enables the Subcommittee to evaluate the importance of the budget requests by how well they coincide with the performance plan. The plan has been a useful tool because, as a result of the Subcommittee's oversight, the agency has begun to ask itself the same questions of relevancy and relation to mission with respect to initiatives of interest to the Subcommittee. As a result, the agency and the Subcommittee are streamlining the requests put forth and validating their merit based on the agency's ability to stress the initiative's importance in relation to the agency's mission. Those initiatives that cannot be sufficiently justified are eliminated, and those that are meritorious can be promoted throughout the appropriations cycle.

One critical piece that is missing from the plan is a section on those programs which were eliminated because a duplication of effort was found as a result of implementing the performance plan. Also, the Subcommittee would find it very useful to have information about those initiatives which were eliminated or phased out as a result of the implementation of the performance plan, i.e., an initiative that was found to underperform because the plan was used.

## INTERNAL REVENUE SERVICE

### I. PERFORMANCE GOALS AND MEASURES

The Internal Revenue Service [IRS] has been undergoing a massive restructuring effort in recent years. This has resulted in the creation of a new mission statement, goals, and guiding principles. The mission of the new IRS is to "provide America's taxpayers with top quality service by helping them understand and meet their tax responsibilities and by applying the tax law with integrity and fairness to all." To implement this mission, IRS has developed three goals: (1) service to each taxpayer, (2) service to all taxpayers, and (3) productivity through a quality work environment.

Each of the four major components of the IRS has its own set of performance plans, some carried forward from fiscal year 1996. However, the vast majority of the new measurements for fiscal year 2000 are still under development, and outcomes for specific measures have not been articulated.

There has been criticism in the past of an apparent lack of balance between customer service and tax law enforcement. The IRS believes it has now struck a balance by emphasizing three major areas: (1) customer satisfaction, (2) employee satisfaction, and (3) business results. Whether this is actually the case remains to be seen.

The vast majority of the measurements contained in the IRS performance plans are measured by quality and quantity. For example, the Processing, Assistance, and Management component is focused heavily on the customer service aspects of the IRS and includes such measurements as refund timeliness (percentage of refunds issued in less than 21 days) and accuracy rates for taxpayer inquiries.

Most of the existing and continuing measures anticipate a steady but gradual improvement, and some expect the IRS to maintain existing performance. For example, availability of data to front-line employees 99 percent of the time has been the goal since fiscal year 1996 and will continue to be so in fiscal year 2000. Outcomes expected from the new measurements will be based upon fiscal year 1999 performance and have not yet been determined. However, the Subcommittee expects the IRS to continue to strive for improvement in each and every category.

Because the operations of the IRS are based upon numbers—taxpayers, refunds, examinations, collections—most of the objectives can be reliably measured, subject to the availability of necessary technology. However, the most important goals—customer satisfaction and employee satisfaction—are much harder to measure. Unfortunately, for purposes of this review, those performance measures are among the many still to be determined.

The IRS must continue to balance taxpayer satisfaction with its collection responsibilities. Unfortunately, there are many times when taxpayers are not satisfied when the IRS informs them that they owe additional taxes under existing tax laws. As a result of Congressional oversight during the recent past, emphasis seems to have shifted to customer satisfaction, which has resulted in a reduction in enforcement collections. The IRS believes its fiscal year 2000 performance plan strikes an appropriate balance.

The IRS is solely responsible for the enforcement of internal revenue laws and statutes, and for the collection of income taxes, social insurance and retirement taxes, as well as excise, estate, and gift taxes. The other entity with tax-collection responsibility is the Bureau of Alcohol, Tobacco and Firearms, which collects taxes on alcohol, tobacco, firearms, and explosives. Because their responsibilities are clearly delineated in statute, there are no cross-cutting programs or activities.

## II. DATA RELIABILITY

The IRS has been relying upon older information systems for tracking both revenue and performance measurements. This fulfills the agency's requirement that all measures must have reasonable accuracy. However, it should be noted that after a somewhat shaky start, the IRS has taken positive steps to ensure that the ongoing information technology modernization project continues to move forward at a deliberative, albeit slow, pace. In order to ensure that funds are spent wisely, which has not been the case in the past, Congress has required that the IRS outline expenditures before funding is released.

As a result of careful oversight by Congress, GAO, OMB, and the IRS Management Board at the Treasury Department, the project appears to be back on track. While there could be early positive results in some specific programs, the entire project will take at least

10 years to complete. The IRS will continue to use the existing legacy systems to track performance measurements.

III. HIGH RISK PROGRAMS

Unfortunately, GAO has identified seven issues which are described as "formidable challenges" facing the IRS which should be addressed separately.

—*Restructuring the IRS organization and business practices to better balance its efforts between taxpayer assistance and enforcement*.—As outlined by the summary of its plan, the IRS has moved forward to redesign the business practices of the agency into 4 operating divisions, each with responsibility for a specific segment or segments of taxpayers. Once this transition is complete, the IRS believes that this redesign will help it to meet all 3 major goals of the agency.

—*Correcting management and technical weaknesses in its systems modernization efforts*.—As previously stated, the IRS is in the process of implementing its information technology modernization efforts. A big step forward was the awarding of the PRIME contract late last year to serve as the developer and integrator for this project. The lines of responsibility are being defined but have not yet been completed.

—*Resolving financial management and control weaknesses that affect its ability to adequately manage its financial operations*.—Because of the age of the existing information technology infrastructure, the only way to resolve these problems is with an entirely new, modernized, replacement system. While those efforts are underway, it is a long process.

—*Addressing problems relating to its ability to collect Federal tax receivables and other unpaid assessments*.—The performance indicators for the collection activity for the Tax Law Enforcement account are still under development, which shows that the IRS is aware of the problems and working to develop the necessary performance measures. Fulfilling many of the performance measures is dependent upon completion of information technology applications.

—*Assessing the impact of various efforts IRS has under way to reduce filing fraud*.—Unfortunately, the fiscal year 2000 performance plan does not mention this problem. The IRS acknowledges that its plan does not address this issue directly, but assures staff that it will do so in the future.

—*Improving security controls over information systems to address weaknesses that place taxpayer data at risk to both internal and external treats*.—Security is a continuing concern for the IRS and has been part of the IRS performance plan since fiscal year 1998. While there have been some improvements over time, inclusion of this concern on the GAO high-risk list shows that much more needs to be done. The explanation of the proposed performance plan for the Information Systems account indicates that as Y2K efforts wind down, staff will be redirected to work on the management of the huge information technology infrastructure contract. Security should be an integral part of that contract.

—*Modifying information systems to properly function in the year 2000*.—This has been the top priority for the IRS. While the written performance plan does not include specific measures, it is obvious that the IRS must ensure the continued operation of the information systems into the next century. This is clearly articulated in the fiscal year 2000 proposed performance plan explanation.

The IRS is taking each of the items seriously and has been working with GAO to address its concerns. The Subcommittee will carefully monitor IRS's efforts and progress in rectifying these problems.

### IV. CONSULTATIONS

The IRS is a huge agency with numerous serious problems. As a result, the performance plan contains descriptions of several ongoing major efforts. The IRS has consistently kept the Subcommittee informed of its plans and progress. The Subcommittee expects consultation efforts to continue as the IRS moves forward with specific, incremental expenditure plans which must be approved before funds can be released.

Consultations with IRS management representatives have been informative for the Subcommittee, and feedback useful for IRS management.

The Results Act and budget staffs have been separate entities for the development of existing performance and strategic plans. Each was handled by a different group, which resulted in some disconnects between the strategic plan and performance plans. As part of the ongoing IRS modernization plan, these entities have been merged into a Strategic Planning and Budgeting group. This merger should result in a closer coordination of strategy and performance and eliminate problems (such as no performance plan to address the need to reduce filing fraud).

The split responsibilities resulted in large numbers of IRS staff briefing appropriations staff. The new merged responsibility should make subsequent consultation much easier and informative.

### V. USEFULNESS

The IRS performance plan is well presented. It starts with the overall mission statement, proceeds to the three major goals and the 5 guiding principles, and then to the 5 levers of change. This is followed by specific performance for the IRS as a whole, as well as the 4 major appropriated accounts. Each is clearly stated and presented in such a way that it does, in fact, inform rather than overwhelm.

Although the measurable goals of some of the performance plan expectations are still being developed, the actual performance measures are articulated, which gives the Subcommittee a clear understanding of how each performance measure contributes to one of the 3 major goals.

The IRS performance plan is a useful tool for realizing the magnitude of the task ahead of the new IRS. It clearly shows the intended use of requested funding levels. The fiscal year 2001 performance plan, which is expected to have greater detailed indicators for specific measures, will be even more useful in determining whether this year's funding decisions were appropriate.

The IRS has done a good job of presenting the formidable tasks facing this evolving entity. The Subcommittee understands that not all of the newly developed performance measures have defined indicators, especially considering that the fiscal year 1999 performance will be the baseline for future performance indicators. It is therefore difficult to get a clear picture of the existing performance and the steps needed to improve in those areas.

## GENERAL SERVICES ADMINISTRATION

### I. PERFORMANCE GOALS AND MEASURES

The General Services Administration [GSA] has 4 strategic goals that are directly linked to the agency objective to provide, as cost effectively as possible, the space, supplies, and services Federal employees need to do their jobs. GSA provides these services through the Public Building Service [PBS], the Federal Supply Service, the Federal Technology Service, and the Office of Government-wide Policy. GSA has the following 4 strategic goals which pervade all of its functions: (1) to promote responsible asset management, (2) to compete effectively for the Federal market, (3) to excel at customer service, and (4) to anticipate future workforce needs.

GSA's goals and measures are evenly mixed among outcomes and processes and activities, for the agency's role is inherently activity-based. Agency management is focused on defining and adapting in a rapidly changing environment. GSA is in the process of refocusing its activity-based measures and goals so they are more outcome based. For example, the plan now includes goals and related targets for assessing the level of satisfaction among GSA's federal customers. GSA is evolving from an operations-based organization that performs services for Federal agencies to a procurement and contract management organization that provides goods and services for its Federal customers.

The goals and measures set out in GSA's performance plan are reasonably challenging and realistic in that they include items such as "Hold annual increases in per mile charges for interagency fleet vehicles close to inflation." However, there are a few goals which are not as reasonable. For example, "Complete all construction projects on time" is a laudable but unrealistic goal. GSA is reevaluating all of its goals and measures on a regular basis so they can be modified when the goals are either unreasonably challenging or unrealistic. This is evident in the amount of modification the strategic plan has undergone since 1998. GSA goals in the fiscal year 2000 plan are more quantifiable than previous years.

GSA's purpose and functions are inherently measurable because the agency's work is process-oriented. For fiscal year 2000, 48 of the 58 goals have measures, baselines, and targets which are quantifiable. For some of the goals and measures, GSA plans to benchmark itself against the private sector in areas such as travel and leasing costs. These types of goals and measures should be especially useful in gauging GSA's future performance.

GSA's plan did not include any instances of unintended effects that were avoided.

The 2000 plan shows improvement in its discussion of cross-cutting issues. In the 2000 plan, GSA mentions the cross-cutting nature of its activities. In addition, GSA has an office, the Office of Government-wide Policy [OGP], which is singly responsible for interagency coordination. GSA, through OGP, is authorized to provide for a Government-wide system for procurement and supply of personal property and management services utilization of available property disposal of surplus property and records management. By this authority, GSA develops, facilitates and interprets Government-wide policies in these areas. GSA collaborates with the Federal community and others to develop policy and guidelines, to provide education and training, and to identify best practices in the areas where GSA has or supports policymaking authority. OGP provides guidance, information and performance measures to make the Federal Government's administrative processes more efficient and effective.

II. DATA RELIABILITY

The 2000 plan discusses the importance of having the technological capacity to maintain good data, and the plan's section on PBS discusses the importance of reliable information and PBS' implementation of a new system for tracking real property data. All but 9 of the performance goals have subsections entitled "Verification/Validation." These subsections generally identify the source of the data that will be used as a measure, with some identifying actions to be used to identify data problems, such as audits of financial records and systems.

However, the information on data reliability is too general and does not list GSA's planned actions to verify and validate the data that will be used to monitor progress and gauge results. As with many agencies, GSA is struggling to identify the most effective and efficient means to collect this data and analyze how it compares with its current data collection systems. In addition, GSA is still refining what data to collect. In its plan, GSA does not address how it will meet these shortfalls until it has a sufficient data collection system in place; however, GSA does acknowledge the importance of data reliability.

The plan acknowledges the weakness of data, which is important, but does not delve into how the agency plans to change its approach in order to sufficiently verify and validate its data and the limitations of the current data collection systems. There is no specific mention of the actions or the need for a plan to fully address how the agency will overcome this weakness. In addition, the agency does not currently have all the necessary systems in place needed to accurately assess the data collected. However, GSA is fortunate because it is a process-oriented agency which lends itself naturally to data collection and systems.

III. HIGH RISK PROGRAMS

GSA is not on the GAO's high-risk list.

IV. CONSULTATIONS

During the first year of reporting, fiscal year 1998, GSA provided extensive briefings to get input and feedback from the Subcommittee. In addition, GSA shared during this process the means by which it was building its plans and how it wanted to proceed. As the plans have become more refined over time, GSA has consulted with the Subcommittee on its performance plans concurrently with the Subcommittee's review of GSA's budget.

As a result of the consultations, GSA has made the plan available for discussion simultaneous with the Subcommittee's review the agency's budget. Unfortunately, the agency has not completely integrated its performance plan into its budget submission; the documents are provided separately.

A separate person is responsible for developing the performance plan. This person coordinates the planning staffs and the work they do in the 4 services of GSA and reports directly to the head of the agency budget office.

V. USEFULNESS

The plan is very clear and concise. It begins with an overview and a clear, charted section on the performance measures. Most importantly, in a detailed section on performance measures, it includes a breakout of strategy and verification/validation and their relationship to each strategic goal and objective.

The plan does not always show a clear connection between the performance goals and the specific funding and program activities in the budget. Without such linkages, decision-makers will have difficulty relating the performance goals in the plan to the program activities in the budget. In addition, it will be difficult for GSA to allocate its anticipated budgetary resources among its performance goals. Less than half of the performance goals contain a direct, identifiable link to the budget; and, beyond that, there are some goals which are not linked to any performance goals at all. However, there are instances in which the direct connection of the budget to a performance measure is made. For example, the goal to reduce the amount of non-revenue producing space identified $77,000,000 from the Basic Repair and Alterations program activity.

From the Subcommittee's perspective, the linkage of the plan to the budget is the most critical component in order for the plan to be useful to budgetary decisions made throughout the fiscal year. Such a plan would enable the agency and the Subcommittee to streamline the requests put forth and validate their merit based on the agency's ability to stress the initiatives' importance in relation to the agency's mission. Those initiatives that could not be sufficiently justified would be eliminated and those that are meritorious could then be promoted throughout the appropriations cycle. That is not to say that the current plan is not useful without this information; however, the information is much more difficult and time consuming to garner without this linkage. In general, the plan enables the Subcommittee to ask relevant questions about performance that would not otherwise be a topic of oversight.

The plan would be more useful if every aspect of the budget were linked to the plan and vice versa. In addition, it would be useful to have a section on cost-savings resulting from the use and implementation of the plan. This section should not only include the under-performance of some of the agency's activities, but also the elimination of duplicative efforts carried out both within GSA and within the Federal Government as a whole.

## OFFICE OF PERSONNEL MANAGEMENT

### I. PERFORMANCE GOALS AND MEASURES

The Office of Personnel Management [OPM] is divided into 10 separate components: Office of Merit Systems Oversight and Effectiveness, Employment Service, Retirement and Insurance Service, Workforce Compensation and Performance Service, Investigations Service, Office of Workforce Relations, Executive Resources, Administrative Services, Executive and Other Services, and Office of Inspector General.

OPM has developed 5 separate overarching Strategic Goals, with objectives which span several agency divisions and functions. As the Federal Government's personnel office, those responsibilities are wide-ranging, which results in many shared goals. To achieve the Strategic Goals, each individual division has its own set of performance goals. For example, Employment Service has 24 goals, and Retirement and Insurance Service has 16 goals. While each performance goal is an important objective for the individual division, the total number of performance goals for the agency is voluminous.

There is a mixture of measures. For example, OPM relies upon the annual Customer Satisfaction Survey of client agencies to determine whether they are meeting Goal I: "Provide policy direction and leadership to recruit and retain the Federal workforce required for the 21st Century." On the other hand, Goal IV: "Deliver high quality, cost-effective human resources services to Federal agencies, employees, annuitants and the public" is measured by accuracy of payments and response times.

The goals and measures are, on the whole, reasonably challenging. While the Strategic Goals state the obvious functions of the agency, the performance goals articulate the steps the agency plans to take, or continues to take, to reach that goal. In some instances, it appears that OPM has developed a performance goal to simply continue to do what it has always done. At the other end of the spectrum, the goal of implementing a long term care program for Federal employees is totally dependent upon enactment of legislation.

OPM relies upon customer satisfaction surveys and employee surveys to determine whether most performance goals are realized. The reliability of that measurement depends upon the reliability of the responses to the surveys and the actual response rates.

The individual program performance goals identified with each of the 5 Strategic Goals appear to result in a balanced approach.

OPM is the Federal Government's personnel office and has the statutory responsibility and authority to ensure government-wide adherence to civil service principles and laws. The performance goals in these areas clearly outline ongoing and continuing outreach and oversight of Federal agencies. As outlined above, the objectives of each of the 5 Strategic Goals clearly show the responsibilities of each division of the agency in reaching that goal.

## II. DATA RELIABILITY

OPM relies heavily upon the information received from various surveys, the reliability of which is questionable. Additional information is provided through the use of outside audits of various accounts. The plan does not appear to recognize the potential inadequacies of survey results.

## III. HIGH RISK PROGRAMS

The GAO High-Risk Update issued in January 1999 included a section regarding basic financial accountability, which noted that OPM's retirement fund and life insurance fund each received unqualified audit opinions. This achievement was noted as a performance result in OPM's fiscal year 2000 Plan. However, GAO also noted that the revolving funds, health benefits account, and salaries and expenses account audits received disclaimers. While none of these audit reports reached the level of inclusion on the GAO high-risk list, unqualified audit opinions in these accounts in fiscal year 2000 are important performance goals (Retirement and Insurance Service Goal 5).

OPM's fiscal year 2000 Plan contains an update on efforts to resolve this problem, leading the Subcommittee to conclude that there is indeed a serious commitment.

## IV. CONSULTATIONS

OPM's Strategic Plan was developed in fiscal year 1997 to span fiscal years 1998 through 2002 as a result of formal and informal discussions with both authorizing and appropriating committees of Congress. It is updated annually. Various aspects of the plan are discussed with the agency representatives during briefings on the budget request.

Subcommittee staff has noted that requests for expanded information during budget briefings result in improvements in the subsequent Strategic Plan update.

OPM has established an integrated GPRA working group consisting of representatives of each function of the agency. At last count, there were 24 staff on this permanent working group.

## V. USEFULNESS

While overwhelming in its volume, the performance plan is set up in a logical and informative manner. Each strategic goal is listed with references to individual division performance goals in subsequent pages.

The OPM plan clearly establishes the annual performance goals, Strategic Plan mission goals, and budget program activities. However, day-to-day operations are much less apparent.

The Strategic Plan and performance goals are of great help in understanding the totality of the responsibilities and functions of the agency. Of particular usefulness is the notation of the resources provided for each activity.

Huge responsibilities result in huge explanations. The combined Strategic Plan/performance plan/budget justification document is 365 pages long. However, it is difficult to know how to reduce the size of the document and still be responsive to the statutory requirements and GAO recommendations.

## SUBCOMMITTEE ON VETERANS AFFAIRS AND HOUSING AND URBAN DEVELOPMENT AND INDEPENDENT AGENCIES

## DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

### I. PERFORMANCE GOALS AND MEASURES

The Results Act is an important management tool for the Department of Housing and Urban Development [HUD], which continues to face a number of critical management and program issues that undermine the capacity of the agency to meet its many program responsibilities.[1] In particular, HUD is the principal Federal agency responsible for programs and activities designed to meet the Nation's housing needs, promote community development and assist in the economic development of States and communities. In carrying out these programs and activities, HUD administers: (1) mortgage and loan insurance programs that assist families to become homeowners and facilitate the construction of affordable rental housing; (2) rental and homeownership subsidy programs, such as the Section 8 and Public Housing programs, that provide rental assistance for low-income families who otherwise could not afford decent housing; (3) programs to combat housing discrimination and which affirmatively further fair housing opportunities; (4) programs designed to ensure the availability of an adequate supply of mortgage finance credit; and (5) programs that aid neighborhood rehabilitation, community and economic development, and that preserve and revitalize distressed urban areas.

Because of HUD's broad and far-reaching responsibilities, the Results Act is a very important tool for linking housing and community development programs with funding decisions to ensure a comprehensive and focused approach to these issues. To meet the requirements of the Results Act, HUD adopted a 5-year strategic plan on September 30, 1997, which covered fiscal year 1998 through fiscal year 2003. Since that time, HUD has continued to refine its strategic planning process through its business and operating plans and through its annual performance plans [APPs], with the Fiscal Year 2000 Annual Performance Plan as its most recent Results Act strategic planning document. And while the fiscal year 2000 APP reflects a growing sophistication by the Department in implementing the Results Act, HUD has not made the necessary connections between the strategic plan and the allocation of resources, as provided in HUD's annual budget request. These connections are critical to ensure that HUD decisionmaking is based on measurable goals and outputs.

[1] HUD has been designated, most recently in 1999, as a high risk area by GAO vulnerable to waste, fraud, abuse and mismanagement; the only agency ever designated as high risk on an department-wide basis. In addition, at various times, GAO, the HUD Inspector General and NAPA have identified substantial concerns with HUD's ability to administer its programs.

HUD also has been in an almost constant state of reinvention over the last 6 years, most recently in July, 1997, when Secretary Cuomo released the HUD 2020 Management Reform Plan which announced a set of major initiatives, including changes designed to reduce the number of HUD programs; reduce the number of staff; reorganize HUD's 81 field offices; modernize and integrate the financial, management, and data information systems; and restructure program and activity authority in a manner designed to integrate more fully HUD programs and activities.

As part of HUD's reinvention process, HUD contracted with the National Academy of Public Administration [NAPA] for an assessment of HUD's implementation of the Results Act. In response, NAPA issued a report entitled *GPRA in HUD: Changes for the Better* (July 1999). While the NAPA report credits HUD with using the Results Act as a primary tool for management reform and decisionmaking, the report also raises significant concerns about HUD's failure to link output data with output targets in its APPs, including the fiscal year 2000 APP. In addition, the NAPA report advises that HUD's business and operating plans still focus on program specific outputs and not in the multi-disciplinary cross-cutting outcome terms which are needed to strategically manage HUD. Also, while the Department is developing a Resource Estimation Allocation Process [REAP] system to help measure HUD's resource efforts per specific work requirements, there remain serious concerns regarding the availability of accurate and timely performance measurement data which meets sound data quality standards. As a result, data reliability is an area of paramount concern to the Congress. Finally, the NAPA report concludes that HUD now needs to link its management activities more directly to outcomes included in its strategic and annual performance plans.

## II. CONSULTATIONS

While HUD's progress in implementing the Results Act is positive, it remains very difficult to assess the degree or the effectiveness of the Department in implementing the Results Act. In particular, the fiscal year 2000 APP fails to make HUD's mission, goals, and objectives adequately outcome-oriented in a meaningful way and, more importantly, it fails to make the necessary connection between the APP and funding decisions, which for the Subcommittee is the primary criteria for the successful implementation of the Results Act. This also underlies the Subcommittee's concern that the Department has not worked adequately with the Congress on the implementation of the Results Act.

For example, HUD's fiscal year 2000 Budget Justifications identified 3 performance indicators for the Housing Certificate Fund, which is the primary appropriation account for the funding of the Section 8 rental assistance programs. These 3 performance indicators set goals: (1) to increase the percentage of section 8 families with children living in low-poverty census tracts; (2) to increase the percentage of the head of households with children who move from welfare to work while assisted by tenant-based section 8; and (3) for the Section 8 Management Assessment program, to improve the performance of the agencies that administer section 8 assistance. While these issues are important as indicators, there are larger and more important issues which underlie this account that need to be addressed. For example, there is significant evidence that many low-income families with section 8 vouchers have a difficult time in finding (or are unable to find) affordable and available housing in many areas of the United States. This is a very significant issue that goes to the heart of the Section 8 program, one that is as important or more important than the issues identified by HUD in its performance indicators.

### III. USEFULNESS

Finally, it is still too early to evaluate adequately the implementation and usefulness of the Results Act as both a budget tool and as a measure and benchmark for the effectiveness of an agency in fulfilling its mission. While there is a significant disconnect between HUD resource allocations and program benchmarks and goals, it is only beginning on March 31, 2000 that agencies are to prepare annual performance reports covering the preceding 3 fiscal years, including performance measurement data. At that time HUD is expected to describe its performance indicators in its performance plan and assess its performance with respect to these indicators.

## DEPARTMENT OF VETERANS AFFAIRS

The mission of the Department of Veterans Affairs [VA] to care for and serve veterans is clear, and its performance plan explicitly describes VA's plans to fulfill that mission. VA offered consultations with the Subcommittee on its performance plan; however, its usefulness to the Subcommittee has been limited, as the budget justification continues to be the key agency document for the Subcommittee's deliberations regarding VA programs. Because the budget office is largely responsible for overseeing implementation of the Results Act, there is a connection in the development of VA's budget with the attainment of performance measures.

VA's goals and objectives are results-oriented; the plan explains where the Department is coordinating with other agencies, particularly the Department of Defense, in running its programs. In addition, the plan describes how VA is working to coordinate better within the Department, acting as "one VA" rather than 3 individual agencies as has been its tradition.

VA's critical role as a health care provider and benefits deliverer to veterans makes it quite difficult to withhold funding owing to poor performance. In fact, poor performance at the VA often spurs quite the opposite effect: more funding is often provided when performance lags because interest groups virtually always cite inadequate funding as the reason for performance problems, such as poor quality of care or slow delivery of benefits. This makes it quite difficult for the Subcommittee to use the budget as a tool to ensure implementation of a performance-based system at the Department.

Implementation of the Results Act is well underway within the Veterans Health Administration [VHA], which has undergone a significant reorganization, including the implementation of numerous "management efficiencies" aimed at reducing redundancies and improving the use of health care dollars. In addition, managers are being held to results-oriented performance measures with retention and promotions at risk. Hundreds of millions of dollars have been saved over the past few years while more veterans are being provided health care, and quality of care indicators have improved. However, given the size of the system and its decentralization, there is a wide variety in the degree of "success." Moreover, there remains much to be done to continue to improve the system, eliminate inefficiencies, and improve quality. Momentum may be lagging in eliminating remaining redundancies and in redirecting savings to health care.

With respect to the Veterans Benefits Administration [VBA], far more needs to be done to develop a results-oriented system. VBA has put together a new way of measuring its results—called "the balanced scorecard"—which moves toward a performance-based system of measuring its activities. Yet its 59 regional offices are far from meeting the goals the Department has set forth, and a culture which has consisted of 59 largely autonomous regional offices has been slow to adapt to change. Most of the goals it has set forth are currently not being met within VBA.

While there is strong support for the Results Act at the top level within the budget office, continued successful implementation of GPRA is currently at-risk at the Department owing to the lack of leadership within the Department and within VHA.

## ENVIRONMENTAL PROTECTION AGENCY

The Environmental Protection Agency's [EPA] progress in implementing the Results Act has been mixed. EPA has taken some notable steps in attempting to move toward a performance-based system, such as developing a new system to improve its working relationship with States, establishing a new Office of Information aimed at improving the quality of EPA data, and initiating pilot projects aimed at providing flexibility in exchange for accountability to regulated entities in meeting environmental requirements. However, much of EPA's activities aimed at performance-management have been at the margins of EPA's activities and have not resulted in changes to core EPA activities. According to GAO, participants in EPA's "common sense" initiative—the centerpiece of EPA's regulatory "reinvention" initiatives—spent much of their time on process-related issues.

EPA did have multiple consultations with the Subcommittee as it developed its strategic plan and reoriented its budget structure, with some useful changes made as a result of these consultations. The agency also established an Office of Planning and Analysis, with implementation of GPRA as its key function. This office reports directly to the Chief Financial Officer, ensuring a linkage between the budget process and implementation of the Results Act.

EPA's mission is wide-ranging, and with its responsibility to implement 12 major environmental statutes, a simple performance plan would be nearly impossible. Even so, EPA's performance plan is extremely cumbersome, containing far too many objectives and sub-objectives. Moreover, a number of its 10 goals are questionable. For example, EPA cites "a credible deterrent to pollution" as one of its 10 goals. Yet most analysts agree that enforcement should be a policy tool, not a goal in and of itself.

In addition, it is not clear whether many of EPA's performance measures are appropriate, and whether these measures represent a "stretch" or whether they would be met under "status quo" circumstances. For example, EPA has a goal of preventing harmful pesticides exposure, and one of its measures is a 5 percent decrease in incidences in pesticide poisonings. Why 5 percent? This is not explained or justified.

In addition, EPA's performance measures are replete with process-oriented "bean counts", such as the number of permits to be issued. Indeed, only about 12 percent of EPA's performance measures are true results-oriented measures. Moving to true performance measures is difficult because, as EPA acknowledges in its annual plan, factors other than EPA activities—such as State and local agency activities—often play a direct role in whether performance measures are met. In the limited instances where EPA uses true performance measures as opposed to traditional bean counts, it is not at all clear that EPA activities can be linked directly to the performance measures it has set forth. Also, assessing the effectiveness of its activities has not been one of EPA's strong points as the agency lacks a program evaluation capability.

With respect to data reliability, as mentioned earlier EPA has taken the first step of establishing a new Office of Information. However, the quality of information continues to be a major management weakness identified by the Inspector General, and far more needs to be done to ensure that the data EPA uses to measure its effectiveness are accurate and reliable. This will be a multiyear effort and will require significant action on the part of State environmental agencies as well.

EPA's budget process illustrates the difficulties EPA has had in implementing the Results Act in a meaningful manner. On the one hand, EPA has taken significant steps to link its budget with its strategic plan. Beginning in fiscal year 1999, EPA restructured its entire budget process consistent with its strategic plan, including in the budget justification appropriation requests for each of the myriad goals, objectives and sub-objectives. Yet in restructuring the budget, key program information has been lost and must be obtained through a series of complicated budget crosscuts. Unfortunately, the usefulness of the budget document has declined because appropriation decisions are made primarily on the basis of program information rather than objectives and sub-objectives. Moreover, attributing agency program activity to sub-objectives is an inexact and subjective process. EPA admitted that "the resources under each goal do not and cannot reflect all resources that could be reasonably associated with achieving the goal."

And, the new budget process has not resulted in any significant change in the allocation of EPA resources to ensure that dollars are allocated to those activities yielding the largest results—the largest reduction in risk to human health and the environment. The strategic plan does not address the need to prioritize activities according to risk, despite the fact that this has been an issue of chief concern to this Subcommittee.

Finally, one of the largest EPA programs, the Federal toxic waste cleanup program known as Superfund, continues to be designated by GAO as a high-risk program subject to fraud, waste and abuse.

It has held this designation for a decade, despite EPA claims that it has reformed the program. EPA's performance plan does not directly address the key problems identified by GAO, such as the need to control Superfund contractor cleanup costs.

## FEDERAL EMERGENCY MANAGEMENT AGENCY

The Federal Emergency Management Agency [FEMA] has made some important strides in moving toward a performance-based system as envisioned by the Results Act, including "reengineering" its public assistance program to streamline the process by which disaster relief funds are allocated for municipal infrastructure projects, and implementing a new teleregistration process for providing benefits to disaster victims. These initiatives are resulting in lower administrative costs and improved customer satisfaction.

However, FEMA has not linked its budget to its strategic plan, and it is not clear how the development of FEMA's budget would be impacted if performance measures are not met. The Agency's budget staff is not involved in preparation of the annual plan or oversight of the Results Act. Moreover, there continue to be significant concerns with the management and allocation of FEMA's disaster relief fund, such as whether hazard mitigation grant funds are being spent on the most cost-effective projects.

FEMA's goals and measures are results-oriented and seem to be reasonably challenging. FEMA is working to improve its information systems, an area of concern identified by the IG. FEMA is expanding the use of information systems to capture performance information to help manage its programs. While FEMA does identify activities that cut across other Federal agencies, it does not address the need to eliminate duplication in such areas as anti-terrorism and hazard mitigation.

The plan does address major management challenges, and FEMA's efforts to implement improvements in such areas as developing disaster declaration criteria are commendable. However, while FEMA has proposed using emergency management performance grants as the means of providing pre-disaster assistance to States—a more flexible and streamlined means of providing this assistance than the traditional multi-grant process—it is not clear that FEMA is doing enough to hold States accountable in the use of these funds, e.g., improving their preparedness for disaster events. Also, while FEMA acknowledges that disaster cost containment is a key concern and has taken some steps to reduce costs, it has not done enough in this area. The fundamental mission of FEMA's disaster relief program as envisioned by the Stafford Disaster Relief Act is to supplement, and not supplant, State and local capability. The strategic plan and annual plan do not adequately affirm this or address the need to limit FEMA's role to a supplemental one.

## NATIONAL AERONAUTICS AND SPACE ADMINISTRATION [NASA]

The National Aeronautics and Space Administration [NASA] is making good progress in implementing the Results Act. Beginning in October 1996, NASA issued a Strategic Management Handbook which documented management policies, procedures, guidelines and the responsibility for strategic management. The first Strategic Plan was issued in September 1997 and covered fiscal year 1998 through fiscal year 2002. Subsequently, NASA issued Annual Performance Plans [APP] for both fiscal year 1999 and 2000. In each case NASA has made progress in effectively implementing the Results Act.

Nevertheless, there is still progress to be made, and in many ways, it is premature to evaluate adequately the implementation and usefulness of the Results Act as both a budget tool and as a benchmark to measure the effectiveness of NASA in meeting its mission. A number of these concerns will be addressed on March 31, 2000, when agencies are required to submit annual performance reports covering the preceding 3 fiscal years, including performance measurement data.

In addition, the Subcommittee believes a recent GAO report on NASA's Fiscal Year 1999 APP as well as an audit by NASA's Inspector General on NASA's implementation of the Results Act remain useful and accurate assessments of the strengths and weaknesses of NASA's implementation of the Results Act. In brief, NASA's APP reflect NASA's mission statement and goals as stated in its strategic plan, and link strategic goals with NASA's performance plans' goals and performance targets; incorporate performance measures that are generally objective, able to be quantified, and useful for assessing progress in meeting the APP performance objectives; and provide for annual external reviews by the Advisory Council and semiannual internal reviews by the Senior Management Council to validate NASA's progress in meeting its goals and objectives.[2]

On the other hand, NASA's annual performance plans must better connect performance goals and measures to the program activities in NASA's budget; more fully explain NASA's procedures for verifying and validating the data used to assess performance to ensure that the data is accurate, complete and credible; and provide more insight into the development of NASA's goals and performance measures. NASA also needs to work more closely with the Congress in implementing the Results Act. In particular, the Senate Committee on Appropriations needs to be consulted on the implementation of the Results Act since the primary criteria for its successful implementation is the connection between NASA's strategic plan and the APP to resource allocation, as provided in NASA's annual budget request.

Moreover, NASA is converting its budget to full cost accounting by fiscal year 2001. This revised accounting structure should provide more clarity to the budget process and resource allocation. However, the principles of full cost accounting must be tied into the Results Act procedures.

Finally, NASA has traditionally used performance-based decisionmaking in the development of NASA's many highly technical and specific deliverables (from satellites to space shuttles to new

[2] The NASA IG indicates that the Senior Management Council did not assess NASA progress in achieving the established goals and targets until August 1999. The IG advises that the Council assessments need to occur earlier and that NASA needs to establish formal procedures and schedules to ensure that assessments are accomplished in a timely manner.

propulsion systems). The more difficult issue is how NASA can use the Results Act to match the often highly uncertain research and development goals with a process that is intended to link funds expended today with an outcome that may not occur for a decade or more.

## NATIONAL SCIENCE FOUNDATION

The National Science Foundation [NSF] has made significant progress in implementing the Results Act, in spite of difficult challenges in developing performance outcomes that are measurable due to the nature of the agency's mission of advancing basic scientific research and promoting education in science and math. The Fiscal Year 2000 Annual Performance Plan lists five outcome goals, which are generally consistent with the mission of the agency: (1) discoveries at and across the frontier of science and engineering; (2) connections between discoveries and their use in service to society; (3) a diverse, globally-oriented workforce of scientists and engineers; (4) improved achievement in mathematics and science skills needed by all Americans; and (5) relevant, timely information on the national and international science and engineering enterprise.

Despite the challenge in developing performance measurements, NSF has made significant progress in meeting the goals of the Results Act by using more qualitative performance goals instead of quantitative performance targets. Specifically, NSF, as permitted by the GPRA statute, established performance goals in the form of statements that describe "successful" and "minimally effective" performance. The use of this alternative format allows for expert judgment, i.e., expert peer review, to consider both quantitative and qualitative information on performance. The scientific community strongly believes in this approach since many believe that outcomes of basic research cannot be captured by quantitative measures alone.

Reviews by the Congressional Research Service and GAO have generally praised the Foundation's efforts in developing its performance plan, but both have pointed out the need for further improvement in order for the plan to be useful to policy-makers. Two of the major deficiencies in NSF's plan are: (1) NSF's failure to provide clear information on the linkages between its budget and its performance goals, and (2) limited confidence that the information it provides will be credible. Resolving the first deficiency will be of special interest to the Subcommittee since it is important to understand the rationale for how NSF's resources contribute to accomplishing the expected level of performance.

## IV. PROGRAM DUPLICATION AND OVERLAP

In order to ensure that Federal taxpayers get the most "bang for their buck," not only must Congress and the Administration ensure that programs achieve their desired goals through measurable performance objectives, but they must eliminate duplication of effort. Unfortunately, for a variety of reasons, many Federal programs perform essentially the same function.

For example, the Rural Development Administration, through the Rural Community Advancement Program[1], operates a water and sewer improvement program in isolated Native villages in Alaska and remote colonias along the United States-Mexico border. The Environmental Protection Agency runs nearly identical programs through its State and Tribal Assistance Grants Program.[2] Both agencies require a 25 percent local match and have similar program requirements.

The good news is that double the resources have been dedicated to provide running water and flush toilets for a forgotten segment of Americans. The bad news is that two separate agencies are running the same program with two sets of rules, two sets of applications required, two sets of personnel processing paperwork, and two sets of reporting requirements. The Indian Health Service also provides resources for rural water and sewer programs, as does the Army Corps of Engineers.

Fortunately, at least in Alaska, the Federal agencies have worked together with the State of Alaska to form a Village Safe Water Program which administers all the funds once they are transferred to Alaska. One priority list is established, and projects are funded off that list regardless of which agency provides the funds. Unfortunately, two agencies still must process the paperwork to make it work, while a third, the Indian Health Service, helps implement the program.

An even more glaring example arises with respect to housing programs. The Department of Housing and Urban Development [HUD] is the lead agency responsible for providing affordable housing in the nation.[3] Yet, over the years a number of other agencies have assumed segments of that mission. For example, the Veterans Department operates the Veterans Housing Benefit Program, an indirect and guaranteed loan program, a Native American Veterans Housing Loan Program, and a Guaranteed Transitional Housing Loan Program for veterans[4] of the Armed Forces that mirror HUD programs. In addition, the Rural Development Administration, an

[1] The Fiscal Year 2000 Agriculture and Related Agencies Appropriations Act provided $20,000,000. Title III of H. Rept. 106–354.
[2] The Fiscal Year 2000 Housing and Urban Affairs, Veterans, and Related Agencies Appropriations Act provided $30,000,000. H. Rept. 106–379.
[3] The Fiscal Year 2000 Housing and Urban Development, Veterans Department, and Related Agencies Appropriations Act provided $11,376,695,000 for housing activities.
[4] H. Rept. 106–379.

arm of the Department of Agriculture, operates the Rural Housing Service, a $4,600,000,000 housing loan program.[5] The Department of Defense has a separate military housing program.

With respect to homeless programs alone, there are 50 separate programs run by 8 different Federal agencies according to GAO.[6] A February 1999 GAO Report noted that:

> "in some cases, programs operated by more than one agency offer the same type of service. For example, 23 programs operated by four agencies offer housing, such as emergency shelter, transitional housing, and other housing assistance. Twenty-six programs administered by six agencies offer food and nutrition services, including food stamps, school lunch subsidies, and supplements for food banks."[7]

Some programs have separate eligibility criteria, separate intake workers, separate personnel to process applications, and separate rules and regulations. So instead of providing services to the homeless, the Federal Government spends a substantial portion of its resources providing resources for paper pushing.

Economic development offers yet another example. The Commerce Department's Economic Administration[8] is very similar to HUD's Economic Development Initiative.[9] A similar program, the Rural Business-Cooperative Service, only with a rural flavor, can be found within the Rural Development Administration.[10] Both the Department of Housing and Urban Affairs[11] and the Department of Agriculture[12] offer enterprise zone programs, and the Small Business Administration funds Hub Zones.

Why do these duplications occur? Because both Congress and the Administration want to do what is right. When the 1996 Farm Bill came to the Senate floor, the Alaska Congressional Delegation amended it to ensure that rural Alaska received the same treatment as the colonias. When the Environmental Protection Agency was reauthorized along with its urban water and sewer program, the border States amended the bill to make sure that their unique needs received the same treatment as urban locales.

Likewise, with respect to homeless programs, the proliferation of programs came out of a strong desire by both branches of Government to help homeless people. The Administration looks for every

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[5] The total subsidy required to support the program in fiscal year 2000 is $181,560,000. Conference Report on the Fiscal Year 2000 Agriculture and Related Agencies Appropriations Act, H. Rept. 106–354.

[6] United States General Accounting Office Report to Congressional Committees, February 1999. "Homelessness: Coordination and Evaluation of Program are Essential", page 2.

[7] Id.

[8] The Economic Development Administration was funded at $361,879,000 in the Fiscal Year 2000 Commerce, Justice, State, the Judiciary, and Related Agencies Appropriations Act. H. Rept. 106–398.

[9] The Economic Development Initiative was funded at $275,000,000 in the Fiscal Year 2000 Housing and Urban Development, Veterans Affairs, and Related Agencies Appropriations Act. H. Rept. 106–379.

[10] The Rural Business-Cooperative Service was funded at $16,615,000 which supports a loan program of $38,256,000 for fiscal year 2000. H.Rept. 106–354.

[11] The Fiscal Year 2000 Housing and Urban Development, Veterans Affairs, and Related Agencies Appropriations Act provided $55,000,000 for urban empowerment zones and $15,000,000 for rural empowerment zones which was transferred to the Secretary of Agriculture.

[12] The Fiscal Year 2000 Agriculture, Rural Development, and Related Agencies Appropriations Act provided $45,245,000 for empowerment zones, enterprise communities, and Rural Economic Area Partnership Zones.

opportunity, both in the Federal budget process and as agency programs are reauthorized, to ensure that a particular issue like homelessness receives attention. Members of Congress, depending on their committee assignments, look for similar opportunities. A member of the Appropriations Committee might approach homelessness one way while a member of the Veterans Affairs Committee may focus on homelessness among veterans, while the Indian Affairs Committee may focus on Native housing programs. All have the best of intentions.

This phenomenon reached its zenith with respect to job training programs. Before the recent and massive reorganization, there were over 200 separate job training programs in nearly every agency of the Government.[13] All, no doubt, were good ideas at the time and when considered in isolation. But in the aggregate, the system made no sense at all.

The Health, Education, Labor, and Pensions Committee undertook a major overhaul of Federal job training programs, with the support of and in cooperation with the Administration, and consolidated them into one stop job services. Instead of visiting dozens of job training programs or even bouncing from program to program, a person seeking training now makes only one visit to access all Federal job training programs. Resources can now be focused on training instead of bureaucracy.

This model should be used in other areas where collective efforts to do right have gone very wrong. For example, the internet and other high technology solutions have become the hot new trend in providing both health and educational services. A virtual bidding war has ensued to see which branch can do more in these rapidly emerging fields.

Dozens of Federal agencies now provide such services including the Distance Learning and Telemedicine Program in the Department of Agriculture [14], the Public Telecommunications and Facilities Program within the Department of Commerce [15], the Coast Guard health program within the Department of Transportation, the Veterans Department,[16] the Indian Health Service,[17] the Department of Health and Human Services, the Department of Defense [18], and even independent agencies like the Federal Communications Commission's schools and libraries program.

There is tremendous duplication of effort, both within departments and even within single agencies. There are 174 education programs just within the Department of Education. The President has proposed eliminating 18 of those programs when the Elementary and Secondary Education Act is reauthorized, but adding 19 more. One of those 174 education programs awarded grants to

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[13] Pub. L. 105–220, the Workforce Investment Partnership Act of 1998.

[14] The Distance Learning and Telemedicine Program was funded at $20,700,000 in the Fiscal Year 2000 Agriculture, Rural Development, and Related Agencies Appropriations Act. H. Rept. 105–354.

[15] The Public Telecommunications Facilities, Planning and Construction Program was funded at $26,500,000 in the Fiscal Year 2000 Commerce, Justice, State, the Judiciary, and Related Agencies Appropriations Act. H.Rept. 106–398.

[16] The Veterans Administration budget included $750,000 to develop a telemedicine network for veterans. H. Rept. 106–379.

[17] The Indian Health Service budget included $5,500,000 to develop a telemedicine network for Indians. H. Rept. 106–406.

[18] The Department of Defense budget included $3,800,000 to develop a telemedicine network for members of the Armed Services. H. Rept. 106–244.

nearly a dozen separate graduate equivalent degree [GED] programs to enable high school drop-outs to earn their high school diplomas through the internet. If the programs are universally available on the internet, how many GED programs do we need?

In Alaska, this issue is being addressed in two ways. Senator Ted Stevens, Chairman of the Senate Appropriations Committee, advised his constituents that Congress would provide no money for telehealth in Alaska unless all the interested parties worked together to develop one statewide initiative. Prior to that, telemedicine projects were developing across the State with no rhyme nor reason. For example, in the remote community of Dutch Harbor, two separate and competing telehealth clinics were built in a town of 1,000 people while other communities had no clinic at all.

With a $100,000 planning grant, the State Commissioner of Health and Social Services, Karen Perdue, worked with all affected Federal, State, and local agencies and private caregivers to develop a comprehensive, unified statewide telemedicine network. It is being funded through the 4 Federal agencies whose clients will benefit from Coast Guardsmen to veterans to Indians to servicemen and women. But one agency is administering the program.

A similar effort is currently underway in Alaska to develop one statewide teleeducation network which will include local school districts, all colleges and universities in the State, the National Guard, the Department of Defense, and various segments such as hospitals which require a training component to make their programs function.

To maximize economies of scale, this effort must become a national initiative. The Senate Health, Education, Labor, and Pensions Committee plans to require a comprehensive approach in its reauthorization of the Elementary and Secondary Education Act. Chairman Jim Jeffords should be commended for his foresight in developing this legislation, which will make the full range of services available to every American and will do so in a much more cost effective way.

Alaska has worked to save money by consolidating other services. For example, Indian Health Service clinics in rural Alaska provide medical care to veterans and are reimbursed by the VA, assist poor people and are reimbursed by Medicaid, provide health care to the elderly and are reimbursed by Medicare. Similarly, the Department of Defense, working in conjunction with the Veterans Department, reserved 10 beds in its new regional medical hospital for Alaska's veterans who had no hospital to make specialty medical care affordable.

Another effort underway in the State's capital city of Fairbanks would consolidate Federal, State, and social service delivery mechanisms. One-stop shopping centers would be established for parents and their children. One case worker would provide access to whatever services were needed from child care assistance to Head Start to immunizations to nutrition counselling. One common application form would be used to avoid multiple agencies processing multiple applications.

To assist in this effort to consolidate social services, the Senate Appropriations Committee included a provision in the Fiscal Year

2000 Treasury and General Government Appropriations Act[19] directing OMB to submit an inventory of grant programs to the Committee along with relevant eligibility guidelines. That information will assist in the effort to consolidate programs, or at a minimum, consolidate their administration. The Women, Infants, and Children's Program is a good model. Case workers not only provide nutrition services and counseling, but access to immunizations, lead screening, and other services for babies and young children.

More needs to be done. The new President will have a tremendous opportunity to make recommendations to Congress to eliminate duplication, consolidate programs, and form interagency collaborative partnerships to streamline administration and maximize coordination. With the support of Congress, services could be improved, duplication eliminated or at least reduced, and more Federal resources could be devoted to providing services. The taxpayers deserve no less.

[19] Section 515 provides: "The Director of the Office of Management and Budget shall prepare an inventory of existing Federal grant programs including formula funds, competitive grant funds, block grant funds, and direct payments. The inventory shall include the name of the program, a copy of the relevant statutory and regulatory guidelines, the funding level in fiscal year 1999, a list of eligibility criteria both statutory and regulatory, and a copy of the application form. The Director shall submit an inventory no later than 6 months after enactment to the Committee on Appropriations and relevant authorizing committees."

## V. OBSERVATIONS AND CONCLUSION

### *Observations*

Successful implementation of the Results Act depends upon a transformation in the methods used by the Executive and Legislative branches to formulate and evaluate budget requests for Federal agencies. Because implementation is an evolutionary process, this report assesses only the current cycle in which performance plans were delivered to Congress in conjunction with the President's fiscal year 2000 budget. As this report illustrates, the quality and usefulness of the performance plan is directly impacted by the following factors: (1) the quality of the agency's goals and measures; (2) an agency's vulnerability to external factors in achieving its goals; (3) the accuracy of agency data; (4) agency responsiveness to GAO and Congressional concerns and/or recommendations, such as GAO high risk areas; (5) the quality and frequency of the consultation process between the agency and Congressional staff; and (6) the commitment of agency staff to comply with the Results Act's requirements. A brief discussion of these factors follows.

The quality of the agencies' goals and objectives varies both among agencies and within a single agency. For example, the Department of Justice performance plan for fiscal year 2000 outlines 3 strategic themes. The Subcommittee evaluation determined that some aspects of the plan are stronger than others. An uneven performance plan results in uneven agency performance. Across agencies, the Department of Agriculture generally presented clear, realistic goals that were capable of measurement. On the other hand, the goals for USAID were evaluated as "too ambiguous to lend themselves to credible evaluations of success or measurement of benchmarks toward that success." Similarly, the performance indicators for the International Trade Commission did not include quality control mechanisms. The usefulness of an agency performance plan to the Appropriations Committee is commensurate with its clarity, reliability and goal achievability. The Appropriations Committee anticipates that the performance plans will improve with subsequent budget submissions as the agencies benefit from performance plan evaluations by Congress, GAO, other entities, and the agency itself.

A performance plan is only as reliable as the agency's information sources and data reliability. Likewise, a performance plan is useful to the Appropriations Committee only if it is based on reliable data. In most performance plans, data reliability was described as a major agency concern. For example, with respect to DOD data, the Defense Subcommittee expressed concern for "the credibility of data from DOD's financial, accounting, and other information systems." The Interior Subcommittee noted that DOI and several bureaus within its purview "are attempting in several instances to upgrade or modify information systems in order to better support their performance plans." Improved data reliability requires the allocation of adequate resources in the agency budget process and careful consideration of the requested funds during the appropriations process.

Most Federal departments and agencies are at a disadvantage in achieving their stated goals because they are highly vulnerable to outside influences. For example, the Department of State faces a challenge in developing dependable performance measures because American foreign policy is subject to the actions of other nations, transnational organizations and international business.

Imperative to the success of the Results Act is the consultation process between Federal agencies and Congressional staff. There is no substitute for dialogue to ensure that information is both shared and explained to the satisfaction of the Committee prior to the passage of the appropriations bill. Since time is a precious commodity for both agency and Congressional staff, consultation should occur simultaneous with the agency's presentation of its budget request. This coordinated effort will encourage the integration of the Results Act with the budget process and facilitate an understanding of the link between performance plans and budget requests.

The Results Act is a tool for Federal agencies, Congress and other entities that use Results Act information in making funding or other agency-related decisions. Thus, the agency's responsiveness to Congressional, GAO or other entity concerns is critical to the success of the Results Act. The high risk areas GAO has identified in many Federal agencies are examples of the types of problems the Results Act was designed to prevent or eliminate. Within the Department of the Interior, GAO has highlighted several management problems that cost the Federal Government and American taxpayers over $3,800,000,000. An agency's performance plan should provide goals and measures for remedying any verifiable high risk area.

An obvious key to the success of the Results Act is compliance with the Act's requirements. For example, timely delivery of the required performance plans ensures that the Subcommittee staff will have ample opportunity to review and use the information. The plan itself should contain the information the Act was designed to elicit, and the information should be presented in a clear and usable format. Compliance is evidence of an agency's commitment to the Results Act and the goal of performance-based governance.

*Conclusion*

The Senate Appropriations Committee, like the Federal agencies, has begun to integrate performance plans into the appropriations process to provide adequate funding for those programs and projects properly within the jurisdiction of the Federal Government. This integration is an ongoing process, and its success depends largely on the quality of information contained in the performance plans and performance reports. The Committee has and will continue to monitor agency compliance with the Results Act in an ongoing effort to streamline agencies and eliminate waste, thereby achieving efficiencies within the Federal Government. The robust economy will not deter the Committee in this endeavor. As

David M. Walker, Comptroller General, testified before the Senate Budget Committee on February 1, 2000:

> "* * * [E]ven if the budget surplus continues, it does not signal the end of fiscal challenges. Nor does it eliminate the need for prudent stewardship of our national economy. Projected surpluses do not absolve government of its responsibility to make good use of taxpayer dollars."

Only through a continued Congressional commitment to holding Federal agencies accountable to performance-based budgeting can the goals of continued prosperity and an efficient, effective Federal Government be achieved.

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