TESTIMONY of

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Committee on Government Reform
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On

"Results-Oriented Government – GPRA Has Established a Solid Foundation for Achieving Great Results"

Mr. Chairman and Members of the Subcommittee:

Thank you. It is an honor to testify before you, to present my views on the General Accounting Office's (GAO) Report about the achievements of Government in complying with the Government Performance and Results Act (GPRA). I will further comment on the challenges of measuring performance and using performance information for management decisions, and how the Federal Government can realize the goal of a more results-oriented focus, to manage for results.

I am the Director of the Government Results Center (GRC) which for the last ten years has sought to collect Federal Government strategic planning

and performance management information and communicate that data to government practitioners via speaking to inter-agency groups; e-mailing to approximately 10,000 practitioners; or designing and convening inter-agency meetings that include agency managers and analysts, Office of Management and Budget (OMB) officials, Hill staffers and GAO evaluators. We seek to promote, first, sharing of lessons learned and better performance management practices in line with the President's Management Agenda (PMA) initiatives and, second, a more effective dialogue between the Executive and Legislative Branches about decision-making needs to manage for results. GRC charges no fees for these services to government, for our mission is to serve public servants.

My direction of the GRC has been part-time. Over these last ten years I also have provided GPRA/PMA management consulting services to scores of agencies through part-time employment with three government contractors. That work has permitted in-depth exposure and insight into many agencies' progress, challenges and plans to transform themselves into mission-driven, results-oriented, accountable cultures downward through the hierarchy of top leaders to program managers to individual employees.

EFFECTS OF GPRA

As many have commented to various congressional committees, the magnitude and complexity of imposing a results-oriented focus on the largest government on earth has been a prodigious effort that has taxed the minds, skills, and perseverance of many. Congressional and OMB wisdom was clearly evident in the selection of the seventy-two GPRA performance measurement pilots in 1994; the GAO benchmarking studies of foreign governments' efforts; the granting of a time period until September 1997 for agencies to develop at least five-year strategic plans

with inputs from customers and stakeholders; congressional scoring of those draft plans in June 1997 which irked but provoked some agency leaders toward producing much better final plans by September; and pushing out the first required annual performance plans and performance reports for FY 1999. Since the President signed the GPRA into law in August 1993 and the FY 1999 performance reports were submitted in March 2000, the initial GPRA cycle of goal setting and results measurement was over six years and seven months. Only the third iteration of the three-year strategic plan (1997, 2000, and 2003) cycle was recently finished. The first in 1997 was usually characterized by a hasty compilation of separate plans of a Department's components. The last set of plans in 2003 moved forward as integrated and focused plans around Department/Agency strategic goals.

Anyone seriously observing GPRA compliance angst in the beginning years noted apathy, cynicism, or confusion. Seeds of David Osborne's ideas about empowering customers, measuring results and using competition were planted and watered by the National Performance Review (these have become part of the mainstream today). There were a few top leaders in agencies who cared and encouraged acceptance of the law and its spirit, but they were hearing cries of despair over why managers should be held responsible for "outcomes" beyond their total control. Worse for bureaucrats used to detailed guidance, comparatively little prescriptive help came out of "Let a Thousand Flowers Bloom" OMB except the annual A-11 revisions and a few memoranda that included some direction on GPRA. It was Congress through many study requests of GAO, some oversight Committee reports, especially from Senator Thompson's Governmental Affairs Committee, and two studies by the National Academy of Public Administration (NAPA) that provided the most helpful guidance in the 1990's. Doggedly the Congress pushed for results-oriented management improvements, not just the production of plans and

performance reports. A little-recognized phenomenon of informal peer to peer cooperation also happened. While high-level Councils such as the President's Management Council, Chief Financial Officers Council, and President's Council on Integrity and Efficiency addressed some aspects of the GPRA, they were sometimes slow-acting or communicated relatively little down to practitioners trying to do the work. Such practitioners, with no external funding support, formed inter-agency working groups to share their progress and hear from OMB, GAO, consultants, and Hill staffers. Pockets of recognizable progress in strategic planning and performance measurement sprang up such as the Marine Safety and Security Program of the Coast Guard and the National Highway Traffic Safety Administration which prompted Transportation's Deputy Secretary to champion wider implementation in the Department. Departments and Agencies deemed more advanced at the time such as Transportation, Defense (Support Agencies), Interior, the Mint, the Veterans Health Administration, and the National Aeronautics and Space Administration were frequent speakers. General groups included monthly meetings at NAPA and the Office of Personnel Management. Specific groups hosted by Commerce, Health and Human Services, Interior, and Food and Drug Administration/ Environmental Protection Agency focused on procurement, research, natural resources, and regulatory affairs respectively. Meetings were open and free. Only one of those free original working groups functions today. But that was how many practitioners learned in the initial GPRA cycle – primarily from GAO guidance and their peers to network and develop their craft…and outcomes. The effort to make programs and agencies work better was slow and grinding, carried out largely by planners. Some top leaders but very few program managers were engaged. Nevertheless, the period was marked by "pockets of progress".

In 2001 President Bush apparently picked up partially on Senator Thompson's results management improvement analyses and his own

beliefs of the importance of good management practices in government. He put into place the PMA, appointed Owners to coordinate and report on each of the initiatives, and directed his appointees in every agency to develop the initiatives. He introduced a traffic light grading system that revealed agencies' status and progress toward reaching the goals he set, and he publishes the scores quarterly, urging all to "get to green". Within one of the President's five governmentwide initiatives, budget and performance integration, OMB constructed a five-year program evaluation system using what is called the Program Assessment Rating Tool (PART). Before PART was launched, planners moaned about the lack of program manager involvement. PART changed that situation. With 234 programs (approximately 20% of the Federal Government) evaluated for the Fiscal Year 2004 Budget and 173 programs "PARTed" in the 2005 Budget, managers are now involved. With every annual improvement in the PART, such as the FY 2006 guidance just released the week of March 22, 2004, there is evidence that OMB is working with agencies to understand their concerns and needs and make the PART evaluations more helpful and effective.

The President is requiring top agency leadership to be accountable for results through performance agreements. Some such agreements have been imposed on lower level political appointees and managers. Commonly Departments and major independent agencies have organized themselves for "getting to green" in every initiative by appointing a coordinator who is charged with planning improvements and reporting quarterly on progress and status. The five governmentwide initiative owners at OMB and OPM report periodically, and their reports are on a prominent White House website (www.results.gov).

The GPRA-required strategic plans have changed from unwieldy and collected plans to a clearer, more succinct integrated plan for the whole

Department or Agency. Annual Performance Plans have come to align much better with strategic plans. Annual Performance Plans beginning with the Fiscal Year 2005 Budget were combined to be a performance budget submission that attempts to include total cost accounting per program with performance projections. Annual Program Performance Reports have been sensibly joined with annual financial Accountability Reports so now agencies produce an annual Performance and Accountability Report. The Mercatus Center has annually since the FY 1999 reports scored the CFO Act agencies' performance reports, emphasizing transparency, public benefit, and leadership aspects of the reports to increase readability and taxpayer interest. Incorporating the program-specific PART program has reinforced the entire process.

In short we no longer hear agency representatives say that GPRA, i.e., moves toward results-management cultures, will end with a change in administration or with their next political leader. Priorities may shift of course, but by and large GPRA's process intent of transforming to a results-oriented government has been institutionalized. Similarly, driving to identify strategies to achieve outcome goals that are based upon measurable data for proving the successful delivery of targeted results to the American public has been operationalized. This Administration's broader management and program-specific efforts may be characterized by saying there has been a change from "pockets of results progress" to "transforming results-oriented cultures in process". There are still many weaknesses and deficiencies to overcome, but the Clinton Administration prepared the ground and started the infrastructure. The Bush Administration brought in the sand, stone, water, cement, and mixed them. The concrete GPRA foundation has been poured in the right place and is curing well.

I agree with the GAO report title: "GPRA Has Established a Solid Foundation for Achieving Greater Results"!

CHALLENGES IN MEASURING AND USING PERFORMANCE INFORMATION IN MANAGEMENT DECISIONS

To be sure, challenges abound, not the least of which is identifying outcome goals and strategies; measuring outcome performance with data that are valid, reliable, timely, relevant, and reasonable in cost of collection; and monitoring and reporting through cost-minimized, effective, enterprise-wide performance management systems. Challenging too is making available performance and results information that is useful to customers, stakeholders, agency leaders, program managers, and individual employees for planning, decision-making, execution, and management.

Performance measurement development, especially outcome-related, is still elusive for many kinds of agencies, especially those in research and development, grant-making and regulatory affairs. Some inter-agency groups of planners, performance budgeters, and evaluators, such as the 2003 initiated Washington Research and Evaluation Network (WREN), the 1995-organized Inter-agency Regulatory Forum, and the January 2004-initiated Government Enterprise Integrators Group are trying to help by (a) sharing lessons learned and better practices in those challenged communities of practice; (b) emphasizing that performance information is helpful for budget justification to OMB, alternative strategic trade-offs between sub-units for funds allocation, comparative sourcing costs, or overlapping services identification ; and (c) encouraging the development of logic models and stakeholder participation, consensus on strategic goals and measures, and utilization of reliable data and evaluation studies.

Those groups monitor and analyze the release of GAO reports and OMB guidance such as on evaluation studies or the 2006 PART, receive explanations on usage, and foster agencies' learning and growth. For example, Veterans Affairs (VA) thought their Cardiac Care Program was quite sufficient, but an external evaluation by Harvard revealed deficiencies compared with the private sector in mortality, staffing, facilities, and clinical practice guidelines. Sharing that story at an inter-agency meeting of practitioners underscores evaluation's value to other agencies. Another illustration was VA's distributing at an inter-agency meeting as "hot off the press" copies of their "2003-2008 Strategic Plan for Employees", a six-page compact designed to inform employees effectively of the Department's Mission, Vision, Who We Serve, Who We are, and their five goals with concise, lucid statements of Outcome-oriented Objectives and specific Performance Targets for the beginning and ending years of the Plan period: 2003 and 2008. Secretary Principi states the document, based on the Department's 106-page Strategic Plan, was specifically designed for VA employees to "help each of you better understand the current and future priorities for our Department and to see how you directly contribute to our mission… We have included a subset of measures to help employees focus on the role you play in achieving outcomes and improving our operations." The VA believes the investment of printing two hundred fifty thousand copies at 15 cents each, distributing, chronically referring to the document, and communicating its value will bring dividends of enhanced employee motivation and buy-in of goals and measures. The inter-agency group was afforded a clear example to replicate in their own agencies for achieving difficult-to-grasp employee alignment with an agency's strategic plan, promoting multi-level understanding of the fit of performance measures and PART reviews within their strategic framework, seeding considerations of linking resources to results, and contributing to the use of performance information in budget formulation and management decisions.

A basic principle of marketing in the private sector for realizing customer satisfaction is that customers may be segmented, stratified and analyzed by demographics, potential interests, economic capacities, and purchase decision tendencies for products or services, i.e. they know their customer. Knowing your audience is important in government's drive to accelerate the use of performance measures for management decision-making. Top leaders or Congress may want only the "vital few" goals and measures that adequately inform about results achieved agency-wide. They may wish data and answers about the effectiveness of programs, appropriate distribution of staff, or a comparison of cost to outcome – program by program, or public versus private. On the other hand a line manager may primarily be centered upon cost to output, a bureau head on the relationship of costs, outputs, and outcomes. A performance budget official should provide whatever performance and results data is needed by different kinds of people according to their requirements at every stage of development, execution, or evaluation.

CONTINUING THE SHIFT TO A MORE RESULTS-ORIENTED FOCUS

One factor that has never changed since the GPRA was signed into law has been the paramount importance of top leadership commitment to results management. In the early years of GPRA top leadership involvement was spotty; absence of that involvement and commitment hindered the development of results-oriented cultures. While such commitment today is still not totally consistent, President Bush has made his Administration, at least at the Cabinet-level, accountable for results by requiring performance agreements and reporting quarterly on their status and progress on his management initiatives.

It is true that some federal managers, as pointed out in the GAO Report, continue to have difficulty setting outcome-oriented goals, collecting useful and timely data on results, and linking institutional, program, unit, and individual performance measurement and reward systems. However, agencies' preoccupation with wrestling with outcomes has largely moved beyond that into addressing the transformation of cultures to become results-oriented. Most agencies have improved financial management systems. The process of integrating budgets and performance normally considers the technologies employed in the financial management systems and identifying total costs per program. Web-based and other technologies for data collection systems, optimal use of resources and human capital over the long-term, and other program initiatives of the President are mutually necessary components to integrate in future years. The challenge for every agency is to work toward integrating planning, budgeting, total costing, financial management, execution, technology, and evaluation into effective performance management systems if they are to manage for results successfully. At least one inter-agency group of federal practitioners, the Government Enterprise Integrators Group, will share their agencies' integration and cultural transformation progress in the months and years ahead.

Only one agency to date, NASA, has reached a "green" status for budget and performance integration. They linked full-cost budgets to goals in a single integrated document and instituted a management information system called ERASMUS where ongoing performance results guide management and budget decisions. As with most agencies they assigned coordinators responsible to work the agency to "green" for every management initiative of the President. NASA instituted a seventeen-volume set of strategic planning documents: six enterprise strategies and ten center implementation plans based on the Agency Strategic Plan. Multiple documents from Fiscal Year 2003 and before are now one in FY

2004 and FY 2005 Integrated Budget and Performance Documents (IBPD) with marginal cost analyses.

The benefits of the NASA system is that it provides a management dashboard, full view of major areas of investment across their enterprises, themes and programs; is available to senior management, all employees, and all working in the NASA domain; and provides full transparency into cost, schedule, management and performance status that permits an ability to assess their collective progress against the Performance Plan. NASA integrates vision, mission, strategic plan, budget, and performance planning and reporting. Their annual and long-term performance measures are directly traceable through the strategic plan to the vision and mission, demonstrating clear accountability for results through their themes.

While other agencies have not made as much integration progress as NASA, many have focused on recently beginning and developing results-driven systems and cultures. One example is the National Oceanic and Atmospheric Administration (NOAA), another science agency. NOAA is transforming its culture. Their Administrator, Vice Admiral Conrad Lautenbacher, elected in the Fall of 2002 to institute a strategic planning and performance management system analogous to the Defense Department's Planning, Programming, and Budgeting System (PPBS). He established a new Office of Program Analysis and Evaluation (PA&E). In the Spring of 2003 he organized under an Assistant Administrator (Mary Glackin) the Office of Program Planning and Integration (OPPI) to be responsible for strategic planning and eighteen (since increased) of the agency's more than 40 programs. In June he established an employee-led review group, the Performance Management Working Group, with twenty-five representatives from line and functional offices. The Group's primary charter is to develop more outcome-oriented performance measures, consistent terminology, a performance management guide, and assistance

in evaluating management information system alternatives for the FY 2006 budget cycle and beyond.

Among Assistant Administrator Glackin's charges in undertaking this "sea change" transformation since Spring 2003 is to raise expectations about cost and performance; to reward effective programs; to develop a management information system that will enable short- and long-term solutions for the use of data and a constant reporting mechanism; and through training to nurture additional skill sets for the agency (most employees are scientists; also needed are people trained in program management). She wants to instill in agency employees a sense that performance matters, that GPRA is in front of everybody, important to and including every employee as a contributor to the agency's strategic goals.

Another agency, the Farm Service Agency (FSA), of the Department of Agriculture (USDA) has been designated as a Budget and Performance Management System (BPMS) pilot for the Department of Agriculture, seeking BPMS to be a tool that facilitates the transformation of the $34 billion budget, 17,000 employees agency to a performance-based, results-focused organization. In the FSA case they decided to start with the basics, a "grassroots" consensus with their customers and stakeholders around the country, Puerto Rico and the Pacific Rim of FSA's mission and vision to serve their customers, 2.2 million registered farmers and ranchers. FSA therefore has embarked toward change that will align people, process, and technology during the transition in order to build a capability and commitment to new ways of operating.

Much like NOAA and FSA, virtually all government agencies are at different stages in their cultural transformation to manage for results and to be responsive fully (at the "green" status) to every one of the President's inter-related management initiatives. In the years ahead the government

would profit by, not only integrating and pulling everything together, but as GAO suggests in their report, looking at a succinct, transparent, government-wide strategic plan that presents the federal government's broad strategic goals, performance measures, and targeted results. A government-wide plan would permit harmonizing between Departments and Agencies, or at least attention to the possibilities of harmonizing or rationalizing cross-cutting programs and activities. Certainly such broad attention would assist R&D agencies.

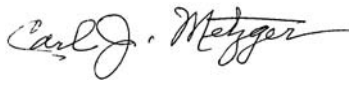
At present evaluations and scoring are only performed for the President's selected management and program initiatives plus annually selected programs through the PART process. That analysis and scoring by component may imply a kind of total capability. Yet one could easily argue that those five government-wide management initiatives are not sufficiently comprehensive to constitute all components of an ideal performance management system. Perhaps more appropriate components may be planning, business process, performance measurement, resource allocation, data, technology, and governance/accountability which could be assessed by a developed set of criteria such as those currently applied for budget and performance integration or the PART. Needed is a performance management enterprise standard, a set of end stage characteristics evaluated by performance management component. Characteristics of three other stages such as "early", "advancing" and "intermediate" might be fashioned. The continuum could be labeled a Performance Management Enterprise Maturity Model, and any government entity's level of maturity as a Government Performance Management Enterprise could be assessed in accord with the characteristics per stage as outlined in Table 1. That would help an agency understand its maturity level and devise tactics to reach the next stage of improvement.

Table 1: CHARACTERISTICS OF STAGES BY COMPONENT IN A PERFORMANCE MANAGEMENT GOVERNMENT ENTERPRISE MODEL

Component	Early Stage	Advancing Stage	Intermediate Stage	End Stage
Planning				
Business Process				
Resources Allocation				
Performance Measurement				
Data				
Technology				
Governance/ Accountability				

Thank you, Mr. Chairman. I hope this testimony will be helpful to the Committee in your deliberations on continuing an effective government management reform effort.

Testimony respectfully submitted by:



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