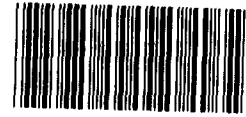


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Testimony



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Resolution Trust Corporation Oversight Board:
GAO Views on Strategic Planning Efforts

Statement of
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Before the Resolution Trust Corporation Task
Force
Committee on Banking, Finance and Urban
Affairs
House of Representatives



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Mr. Chairman and Members of the Task Force:

We are pleased to be here today to participate in your hearings on the Resolution Trust Corporation Oversight Board's strategic planning efforts. While the Board's approach to strategic planning appears reasonable, it is unfortunate that the document that is the subject of this hearing is labeled a Draft Strategic Plan.

The Financial Institutions Reform, Recovery, and Enforcement Act of 1989 requires the Board to prepare a strategic plan and lists types of policies and procedures to be included. Generally, strategic plans specify program goals to be achieved, the policies and procedures that will be followed to meet the goals, the results expected from implementation of policies and procedures and, finally, assumptions regarding the environment within which the program will be carried out.

The Board's Draft Strategic Plan does not contain all of these elements. The Draft Plan specifies general program goals and all of the important areas of policy about which decisions must be made. However, it does not specify what the policies will be for resolving institutions, managing assets, and meeting other provisions of FIRREA. Moreover, it directs the RTC to establish procedures for carrying out FIRREA's mandate by certain dates within a November 1989 to June 1990 timeframe rather than delineating those procedures.

We view the Draft Plan as a statement of issues and FIRREA goals on which public comment is sought as part of the process of deciding what the Board's policies and procedures should be. In our view, it is probably too soon to expect the Board to have made judgements on all of the important trade-offs that must be weighed in finalizing its policies. And, seeking public comment on how to make those trade-offs is an important and necessary part of the strategic planning process.

But even with those public comments in hand and further deliberation on the exceedingly complex issues that the Board must come to grips with, it is unclear how decisions regarding policy will be made by December 31, 1989. Indeed, it may be too much to expect all areas of policy to be resolved by that date. Nevertheless, I want to emphasize that when policies are finalized they be subjected to Congressional oversight. In this way, there will be a clear understanding of how RTC intends to carry out its mission and clear criteria to use when overseeing the efficacy of RTC's operations.

We intend to thoroughly review the Draft Strategic Plan over the next several weeks and provide suggestions that we would hope will be considered in the process of finalizing it. We also intend to review the final version and stand ready to assist the Congress in their assessment of its contents.

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