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RESULTS-ORIENTED GOVERNMENT

Using GPRA to Address 21st Century Challenges

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RESULTS-ORIENTED GOVERNMENT

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Highlights

Highlights of GAO-03-1166T, a testimony before the Committee on Government Reform, House of Representatives

Why GAO Did This Study

The Committee asked GAO to discuss the Government Performance and Results Act's (GPRA) success in shifting the focus of government operations from process to results and to evaluate the extent to which agency managers have embraced GPRA as a management tool. Further, the Committee was interested in any recommendations GAO may have to improve the effectiveness of GPRA.

GAO is conducting a comprehensive review of the effectiveness of GPRA since its enactment, including updating the results of our federal managers survey. The results of this review will be available next month.

What GAO Recommends

We did not make recommendations in this testimony. However, we suggested a range of options that the Congress could use to strengthen GPRA as a tool to meet the challenges the federal government faces at the beginning of the 21st century. These options include simplifying and streamlining agency performance information, developing governmentwide strategic and annual performance plans, enhancing congressional oversight, and establishing chief operating officers in selected agencies.

www.gao.gov/cgi-bin/getrpt?GAO-03-1166T.

To view the full product, including the scope and methodology, click on the link above. For more information, contact Patricia Dalton at (202) 512-6737 or daltonp@gao.gov.

What GAO Found

GPRA, which was enacted in 1993, provides a foundation for examining agency missions, performance goals and objectives, and results. While this building effort is far from complete, it has helped create a government-wide focus on results by establishing a statutory framework for management and accountability. This framework can improve the performance and accountability of the executive branch and enhance executive branch and congressional decisionmaking. In view of the broad trends and long-term fiscal challenges facing the nation, there is a need to consider how the Congress, the Office of Management and Budget, and executive agencies can make better use of GPRA's planning and accountability framework to maximize the performance of not only individual programs and agencies, but also of the federal government as whole in addressing these challenges.

The necessary infrastructure has been built to generate meaningful performance information. For example, through the strategic planning requirement, GPRA has required federal agencies to consult with the Congress and key stakeholders to reassess their missions and long-term goals as well as the strategies and resources they will need to achieve their goals. It also has required agencies to articulate goals for the upcoming fiscal year that are aligned with their long-term strategic goals. Finally, agencies are required to report annually on their progress in achieving their annual performance goals. Therefore, information is available about current missions, goals, and results.

We are now moving to a more difficult but more important phase of GPRA implementation, that is, using results-oriented performance information as a part of agencies' day-to-day management, and congressional and executive branch decision-making. However, much work remains before this framework is effectively implemented across the government, including (1) transforming agencies' organizational cultures to improve decisionmaking and strengthen performance and accountability, (2) developing meaningful, outcome-oriented performance goals and measures and collecting useful performance data, and (3) addressing widespread mission fragmentation and overlap. Furthermore, linking planned performance with budget requests and financial reports is an essential step in building a culture of performance management. Such an alignment can help to infuse performance concerns into budgetary deliberations. However, credible outcome-based performance information is critical to foster the kind of debate that is needed.

Mr. Chairman and Members of the Committee:

Now that the Government Performance and Results Act (GPRA) has reached its 10th anniversary, I appreciate the opportunity to address the progress made in creating a government-wide focus on results and how the federal government could make better use of GPRA in meeting the significant, emerging challenges we face as a nation while, at the same time, becoming more economical, effective, and efficient in doing government business. We are currently performing a comprehensive review of the effectiveness of GPRA since its enactment in 1993—including updating the results of our federal managers survey—for this and other congressional committees. Those results will be available later next month. Therefore, my statement today draws primarily from our many previous reports assessing GPRA's implementation.

Over the last decade, the Congress, the Office of Management and Budget (OMB), and other executive agencies have worked to implement a statutory framework to improve the performance and accountability of the executive branch and to enhance executive branch and congressional decision making.[1] The core elements of this framework include financial management and information technology reforms as well as results-oriented management legislation, particularly GPRA. As a result of this framework, there has been substantial progress in the last few years in establishing the basic infrastructure needed to create high-performing federal organizations.

For example, in contrast to pre-GPRA planning and performance measurement, agencies are now producing more results-oriented goals and performance information. They have also begun to identify their plans to coordinate with other federal agencies on program areas that cut across agency boundaries. Finally, all of this information is much more transparent to the Congress, OMB, and the public in the form of published plans and reports, which were not generally available prior to GPRA.

However, moving beyond the realm of individual agency performance, we now have both an opportunity and an obligation to take a look across the federal government at what it should be doing and how it should go about

[1]U.S. General Accounting Office, *Managing for Results: The Statutory Framework for Performance-Based Management and Accountability*, GAO/GGD/AIMD-98-52 (Washington, D.C.: Jan. 28, 1998).

doing its work. GPRA, with its focus on strategic planning, the development of long-term goals, and accountability for results, provides a framework the Congress and the executive branch can use to consider the appropriate mix of long-term strategic goals and strategies needed to address the challenges we face, given the significant resource constraints that will exist long into the future.

As I discussed in my speech before the National Press Club on September 17,[2] the federal government is in a period of profound transition and faces an array of challenges and opportunities to enhance performance, ensure accountability, and position the nation for the future. A number of overarching trends, such as diffuse security threats and homeland security needs, increasing global interdependency, the shift to a knowledge-based economy, and the looming fiscal challenges facing our nation drive the need to reconsider the role of the federal government in the 21st century, how the government should do business (including how it should be structured), and in some instances, who should do the government's business.

GAO has sought to assist the Congress and the executive branch in considering the actions needed to support the transition to a more high performing, results-oriented, and accountable federal government. We believe that it is crucial for both the Congress and the executive branch to work together constructively and on a bipartisan basis in addressing a range of "good government" issues.

My statement today will focus on four points:

- the impact of current trends and increasing fiscal challenges;
- the foundation for results-oriented management created in response to GPRA;
- the need to make better use of GPRA as a tool to address the trends and challenges; and
- options for strengthening congressional oversight.

[2]David M. Walker, Comptroller General of the United States, *Truth and Transparency: The Federal Government's Financial Condition and Fiscal Outlook*, speech delivered before the National Press Club, September 17, 2003.

My statement is based on our large body of work in recent years assessing GPRA implementation as well as other management and budget issues. We conducted our work in accordance with generally accepted government auditing standards.

Impact of Emerging Trends and Fiscal Challenges

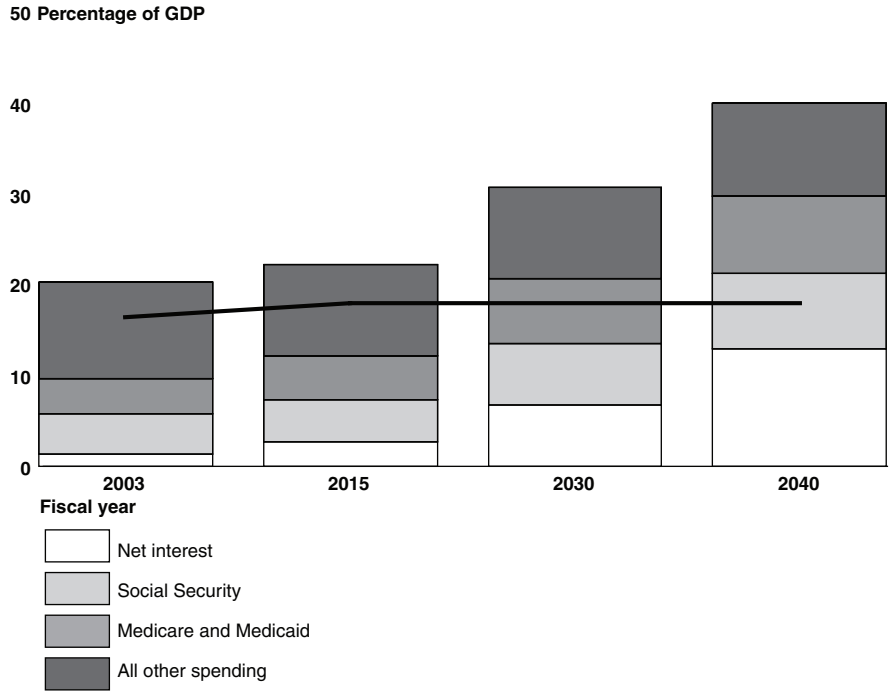
With the 21st century challenges we are facing, it is more vital than ever to maximize the performance of federal agencies in achieving their long-term goals. The federal government must address and adapt to major trends in our country and around the world. At the same time, our nation faces serious long-term fiscal challenges. Increased pressure also comes from world events: both from the recognition that we cannot consider ourselves "safe" between two oceans—which has increased demands for spending on homeland security—and from the U.S. role in combating terrorism in an increasingly interdependent world. To be able to assess federal agency performance and hold agency managers accountable for achieving their long-term goals, we need to know what the level of performance is. GPRA planning and reporting requirements can provide this essential information.

Our country's transition into the 21st century is characterized by a number of key trends, including

- the national and global response to terrorism and other threats to our personal and national security;
- the increasing interdependence of enterprises, economies, markets, civil societies, and national governments, commonly referred to as globalization;
- the shift to market-oriented, knowledge-based economies;
- an aging and more diverse U.S. population;
- rapid advances in science and technology and the opportunities and challenges created by these changes;
- challenges and opportunities to maintain and improve the quality of life for the nation, communities, families, and individuals; and
- the changing and increasingly diverse nature of governance structures and tools.

As the nation and government policymakers grapple with the challenges presented by these evolving trends, they do so in the context of rapidly building fiscal pressures. GAO's long-range budget simulations show that this nation faces a large and growing structural deficit due primarily to known demographic trends and rising health care costs. The fiscal pressures created by the retirement of the baby boom generation and rising health costs threaten to overwhelm the nation's fiscal future. As figure 1 shows, by 2040, absent reform or other major tax or spending policy changes, projected federal revenues will likely be insufficient to pay much beyond interest on publicly held debt. Further, our recent shift from surpluses to deficits means the nation is moving into the future in a weaker fiscal position.

Figure 1: Composition of Spending as a Share of GDP Assuming Discretionary Spending Grows with GDP after 2003 and All Expiring Tax Provisions Are Extended



Source: GAO.

Notes: Although all expiring tax cuts are extended, revenue as a share of gross domestic product (GDP) increases through 2013 due to (1) real bracket creep, (2) more taxpayers becoming subject to the Alternative Minimum Tax, and (3) increased revenue from tax-deferred retirement accounts. After 2013, revenue as a share of GDP is held constant. This simulation assumes that currently scheduled Social Security benefits are paid in full throughout the simulation period.

The United States has had a long-range budget deficit problem for a number of years, even during recent years when we had significant annual budget surpluses. Unfortunately, the days of surpluses are gone, and our current and projected budget situation has worsened significantly. The bottom line is that our projected budget deficits are not manageable without significant changes in "status quo" programs, policies, processes, and operations.

Doing nothing is simply not an option, nor will marginal efforts be enough. Difficult choices will have to be made. Clearly, the federal government must start to exercise more fiscal discipline on both the spending side and the tax side. While many spending increases and tax cuts may be popular, they may not all be prudent. However, there is not a single solution to the problems we face; a number of solutions are needed. It will take the combined efforts of many parties over an extended period for these efforts to succeed.

GPRA Provides a Foundation for Results-Oriented Management

GPRA, which was enacted 10 years ago, provides a foundation for examining agency missions, performance goals and objectives, and results. While this building effort is far from complete, it has helped create a governmentwide focus on results by establishing a statutory framework for performance management and accountability. The necessary infrastructure has been built to generate meaningful performance information.

For example, through the strategic planning requirement, GPRA has required federal agencies to consult with the Congress and key stakeholders to reassess their missions and long-term goals as well as the strategies and resources they will need to achieve their goals. It also has required agencies to articulate goals for the upcoming fiscal year that are aligned with their long-term strategic goals. Finally, agencies are required to report annually on their progress in achieving their annual performance goals. Therefore, information is available about current missions, goals, and results.

Our prior assessments of the quality of agency planning and reporting documents indicate that significant progress has been made in meeting the basic requirements of GPRA. For example, we found improvements in agencies' strategic plans, such as clearer mission statements and long-term

goals.[3] Also, after we found many weaknesses in agencies' first annual performance plans, subsequent plans showed improvements, such as the frequent use of results-oriented goals and quantifiable measures to address performance.[4]

Finally, a high and increasing percentage of federal managers we surveyed in 1997 and 2000 reported that there were performance measures for the programs with which they were involved.[5] Those managers who reported having performance measures also increasingly reported having outcome, output, and efficiency measures. We will be updating our analysis of the quality of agency planning and reporting efforts and our survey of federal managers as part of our 10-year retrospective review of GPRA. The report will be available next month.

Using GPRA as a Tool to Address 21st Century Trends and Challenges

As we move further into the 21st century, it becomes increasingly important for the Congress, OMB, and other executive agencies to consider how the federal government can maximize performance and results, given the significant fiscal limitations I have described. GPRA can help address this question by linking the results that the federal government seeks to achieve to the program approaches and resources that are necessary to achieve those results. The performance information produced by GPRA's planning and reporting infrastructure can help build a government that is better equipped to deliver economical, efficient, and effective programs that can help address the challenges facing the federal government.

Clearly, federal agencies have made strides in laying the foundation of planning and performance information that will be needed to address our

[3]U.S. General Accounting Office, *Managing for Results: Observations on Agencies' Strategic Plans*, GAO/T-GGD-98-66 (Washington, D.C.: Feb. 12, 1998).

[4]U.S. General Accounting Office, *Managing for Results: Opportunities for Continued Improvements in Agencies' Performance Plans*, GGD/AIMD-99-215 (Washington, D.C.: July 20, 1999).

[5]For additional details on our two previous governmentwide surveys, see U.S. General Accounting Office, *Managing for Results: Federal Managers' Views on Key Management Issues Vary Widely Across Agencies*, GAO-01-592 (Washington, D.C.: May 25, 2001), *Managing for Results: Federal Managers' Views Show Need for Ensuring Top Leadership Skills*, GAO-01-127 (Washington, D.C.: Oct. 20, 2000), and *The Government Performance and Results Act: 1997 Governmentwide Implementation Will Be Uneven*, GAO/GGD-97-109, Washington, D.C.: June 2, 1997).

21st century challenges. We are now moving to a more difficult but more important phase of GPRA implementation, that is, using results-oriented performance information as a routine part of agencies' day-to-day management, and congressional and executive branch decision making.

To achieve a greater focus on results and maximize performance, federal agencies will need to make greater use of GPRA documents, such as strategic plans, to guide how they do business every day—both internally, in terms of guiding individual employee efforts, as well as externally, in terms of coordinating activities and interacting with key stakeholders.

However, much work remains before this framework is effectively implemented across the government, including (1) transforming agencies' organizational cultures to improve decision making and strengthen performance and accountability, (2) developing meaningful, outcome-oriented performance goals and measures and collecting useful performance data, (3) addressing widespread mission fragmentation and overlap, and (4) using performance information in allocating resources.

Uneven Progress in Building Results-Oriented Organizational Cultures

The cornerstone of federal efforts to successfully meet current and emerging public demands is to adopt a results orientation, that is, to develop a clear sense of the results an agency wants to achieve as opposed to the products and services (outputs) an agency produces and the processes used to produce them. Adopting a results orientation requires transforming organizational cultures to improve decision making, maximize performance, and ensure accountability—it entails new ways of thinking and doing business. This transformation is not an easy one and requires investments of time and resources as well as sustained leadership commitment and attention.

Our prior work on GPRA implementation has found that many agencies face significant challenges in establishing an agency-wide results-orientation.[6] Federal managers we surveyed have reported that agency leaders do not consistently demonstrate a strong commitment to achieving results. Furthermore, these managers believed that agencies do not always positively recognize employees for helping the agency accomplish its strategic goals.

[6]GAO-01-592, GAO-01-127, and GAO/GGD-97-109.

In addition, we have reported that high-performing organizations seek to shift the focus of management and accountability from activities and processes to contributions and achieving results. However, although many federal managers in our survey reported that they were held accountable for the results of their programs, only a few reported that they had the decision making authority they needed to help the agencies accomplish their strategic goals.

Finally, although managers we surveyed increasingly reported having results-oriented performance measures for their programs, the extent to which these managers reported using performance information for any of the key management activities we asked about mostly declined from earlier survey levels.[7]

To be positioned to address the array of challenges we face, federal agencies will need to transform their organizational cultures so that they are more results-oriented, customer-focused, and collaborative. Leading public organizations here in the United States and abroad have found that strategic human capital management must be the centerpiece of any serious change management initiative and efforts to transform the cultures of government agencies. Performance management systems are integral to strategic human capital management. Such systems can be key tools to maximizing performance by aligning institutional performance measures with individual performance and creating a "line of sight" between individual and organizational goals. Leading organizations use their performance management systems as a key tool for aligning institutional, unit, and employee performance; achieving results; accelerating change; managing the organization day to day; and facilitating communication throughout the year so that discussions about individual and organizational performance are integrated and ongoing.[8]

[7]We asked about five key management activities: setting program priorities, allocating resources, adopting new program approaches or changing work processes, coordinating program efforts with other organizations, and setting individual job expectations.

[8]U.S. General Accounting Office, *Human Capital: Key Principles From Nine Private Sector Organizations*, GAO/GGD-00-28 (Washington, D.C.: Jan. 31, 2000).

Developing Meaningful, Outcome-Oriented Performance Goals and Collecting Useful Performance Data

Another key challenge to achieving a governmentwide focus on results is that of developing meaningful, outcome-oriented performance goals and collecting performance data that can be used to assess results. Performance measurement under GPRA is the ongoing monitoring and reporting of program accomplishments, particularly progress toward preestablished goals. It tends to focus on regularly collected data on the level and type of program activities, the direct products and services delivered by the program, and the results of those activities. For programs that have readily observable results or outcomes, performance measurement may provide sufficient information to demonstrate program results. In some programs, however, outcomes are not quickly achieved or readily observed, or their relationship to the program is uncertain. In such cases, more in-depth program evaluations may be needed, in addition to performance measurement, to examine the extent to which a program is achieving its objectives.

However, our work has raised concerns about the capacity of federal agencies to produce evaluations of program effectiveness.[9] Few of the agencies we reviewed deployed the rigorous research methods required to attribute changes underlying outcomes to program activities. Yet we have also seen how some agencies have profitably drawn on systematic program evaluations to improve their measurement of program performance or understanding of performance and how it might be improved.[10] For example, to improve performance measurement, two agencies we reviewed used the findings of effectiveness evaluations to provide data on program results that were otherwise unavailable.

Our work has also identified substantial, long-standing limitations in agencies' abilities to produce credible data and identify performance improvement opportunities that will not be quickly or easily resolved.[11] For example, policy decisions made when designing federal programs,

[9]U.S. General Accounting Office, *Program Evaluation: Agencies Challenged by New Demand for Information on Program Results*, GAO/GGD-98-53 (Washington, D.C.: Apr. 24, 1998).

[10]U.S. General Accounting Office, *Program Evaluation: Studies Helped Agencies Measure or Explain Program Performance*, GAO/GGD-00-204 (Washington, D.C.: Sept. 29, 2000).

[11]U.S. General Accounting Office, *Managing for Results: Challenges Agencies Face in Producing Credible Performance Information*, GAO/GGD-00-52 (Washington, D.C.: Feb. 4, 2000).

particularly intergovernmental programs, may make it difficult to collect timely and consistent national data. In administering programs that are the joint responsibility of state and local governments, the Congress and the executive branch continually balance the competing objectives of collecting uniform program information to assess performance with giving states and localities the flexibility needed to effectively implement intergovernmental programs.

Using GPRA to Address Mission Fragmentation and Overlap

While progress has been made by federal agencies in laying a foundation of performance information for existing program activities and structures, the federal government has not realized the full potential of GPRA to address program areas that cut across federal agency boundaries. The government has made strides in this area in recent years. For example, in reviewing agencies' crosscutting plans in the area of wildland fire management, we found that both the Department of the Interior and the Forest Service, within the Department of Agriculture, discussed their joint participation in developing plans and strategies to address the growing threats to our forests and nearby communities from catastrophic wild fires.[12] The Congress could make greater use of agency performance information to identify potential fragmentation, overlap, and duplication among federal programs.

Virtually all of the results that the federal government strives to achieve require the concerted and coordinated efforts of two or more agencies. Our work has shown that mission fragmentation and program overlap are widespread, and that crosscutting federal program efforts are not well coordinated.[13] For example, we have reported that seven federal agencies administer 16 programs that serve the homeless population, with the Department of Housing and Urban Development responsible for most of the funds. We have also frequently commented on the fragmented nature of our food safety system, with responsibility split between the Food Safety and Inspection Service within the Department of Agriculture, the Food and

[12]U.S. General Accounting Office, *Results-Oriented Management: Agency Crosscutting Actions and Plans in Border Control, Flood Mitigation and Insurance, Wetlands, and Wildland Fire Management*, GAO-03-321 (Washington, D.C.: Dec. 20, 2002).

[13]U.S. General Accounting Office, *Managing for Results: Barriers to Interagency Coordination*, GAO/GGD-00-106 (Washington, D.C.: Mar. 29, 2000), and *Managing for Results: Using the Results Act to Address Mission Fragmentation and Program Overlap*, GAO/AIMD-97-146 (Washington, D.C.: Aug. 29, 1997).

Drug Administration within the Department of Health and Human Services, and 10 other federal agencies.

Crosscutting program areas that are not effectively coordinated waste scarce funds, confuse and frustrate program customers, and undercut the overall effectiveness of the federal effort. GPRA offers a structured and governmentwide means for rationalizing these crosscutting efforts. The strategic, annual, and governmentwide performance planning processes under GPRA provide opportunities for each agency to ensure that its goals for crosscutting programs complement those of other agencies; program strategies are mutually reinforcing; and, as appropriate, common performance measures are used. If GPRA is effectively implemented, the governmentwide performance plan and the agencies' annual performance plans and reports should provide the Congress with information on agencies and programs addressing similar results. Once these programs are identified, the Congress can consider the associated policy, management, and performance implications of crosscutting programs as part of its oversight of the executive branch.

Using Performance Information to Inform the Allocation of Resources

A key objective of GPRA is to help the Congress, OMB, and other executive agencies develop a clearer understanding of what is being achieved in relation to what is being spent. Linking planned performance with budget requests and financial reports is an essential step in building a culture of performance management. Such an alignment infuses performance concerns into budgetary deliberations, prompting agencies to reassess their performance goals and strategies and to more clearly understand the cost of performance. For the fiscal year 2005 budget process, OMB called for agencies to prepare a performance budget that can be used for the annual performance plan required by GPRA.

Credible outcome-based performance information is absolutely critical to fostering the kind of debate that is needed. Linking performance information to budgeting carries great potential to improve the budget debate by changing the kinds of questions and information available to decision makers. However, performance information will not provide mechanistic answers for budget decisions, nor can performance data eliminate the need for considered judgment and political choice. If budget decisions are to be based in part on performance data, the integrity, credibility, and quality of these data and related analyses become more important. Moreover, in seeking to link resources to results, it will be

necessary to improve the government's capacity to account for and measure the total costs of federal programs and activities.

GPRA expanded the supply of performance information generated by federal agencies. OMB's Program Assessment Rating Tool (PART) proposes to build on GPRA by improving the demand for results-oriented information in the budget. It has the potential to promote a more explicit discussion and debate between OMB, the agencies, and the Congress about the performance of selected programs. Presumably, PART will identify expectation gaps, questions, and areas where further inquiry and analysis would be most useful.

Oversight Is Critical to Achieving Results

Fifty years of past efforts to link resources with results has shown that any successful effort must involve the Congress as a partner. In fact, the administration acknowledged that performance and accountability are shared responsibilities that must involve the Congress. It will only be through the continued attention of the Congress, the administration, and federal agencies that progress can be sustained and, more important, accelerated. Ultimately, the success of GPRA will be reflected in whether and how the Congress uses agency performance information in the congressional budget, appropriations, authorization, and oversight processes. As a key user of performance information, the Congress also needs to be considered a partner in shaping agency goals at the outset.

More generally, effective congressional oversight can help improve federal performance by examining the program structures agencies use to deliver products and services to ensure that the best, most cost-effective mix of strategies is in place to meet agency and national goals. As part of this oversight, the Congress should consider the associated policy, management, and policy implications of crosscutting programs.

Options for Strengthening GPRA

Information produced in response to GPRA can be useful for congressional oversight as well as program management. As I have testified before, there are several ways that GPRA could be enhanced to provide better governmentwide information.

First, there are many users of agencies' performance information—the Congress, the public, and the agency itself. One size does not fit all. To improve the prospect that agency performance information will be useful

to and used by these different users, agencies need to consider the different information needs and how to best tailor their performance information to meet those needs. This might entail the preparation of simplified and streamlined plans and reports for the Congress and other external users.

Second, we have previously reported that GPRA could provide a tool to reexamine federal government roles and structures governmentwide. GPRA requires the President to include in his annual budget submission a federal government performance plan. The Congress intended that this plan provide a "single cohesive picture of the annual performance goals for the fiscal year." The governmentwide performance plan could help the Congress and the executive branch address critical federal performance and management issues, including redundancy and other inefficiencies in how we do business. It could also provide a framework for any restructuring efforts. Unfortunately, this provision has not been fully implemented.

If the governmentwide performance plan were fully implemented, it could also provide a framework for congressional oversight. For example, in recent years, OMB has begun to develop common measures for similar programs, such as job training. By focusing on broad goals and objectives, oversight could more effectively cut across organization, program, and other traditional boundaries. Such oversight might also cut across existing committee boundaries, which suggests that the Congress may benefit from using specialized mechanisms to perform oversight (i.e., joint hearings and special committees).

Third, a strategic plan for the federal government, along with key national indicators to assess the government's performance, could provide an additional tool for governmentwide reexamination of existing programs, as well as proposals for new programs. If fully developed, a governmentwide strategic plan can potentially provide a cohesive perspective on the long-term goals of the federal government and provide a much needed basis for fully integrating, rather than merely coordinating, a wide array of federal activities. Successful strategic planning requires the involvement of key stakeholders. Thus, it could serve as a mechanism for building consensus. Further, it could provide a vehicle for the President to articulate long-term goals and a road map for achieving them. In addition, a strategic plan can provide a more comprehensive framework for considering organizational changes and making resource decisions. In addition to the annual budget resolution on funds, the Congress could also have a performance resolution that specifies performance expectations.

Developing a strategic plan for the federal government would be an important first step in articulating the role, goals, and objectives of the federal government. It could help provide critical horizontal and vertical linkages. Horizontally, it could integrate and foster synergies among components of the federal government as well as help to clarify the role of the federal government vis-a-vis other sectors of our society. Vertically, it could provide a framework of federal missions and goals within which individual federal agencies could align their own missions and goals that would cascade down to individual employees. It also could link to a set of key national performance indicators.

A set of key national indicators could also help to assess the overall position and progress of our nation in key areas, frame strategic issues, support public choices, and enhance accountability. Developing a key national indicator system goes beyond any one sector (e.g., public, private, or nonprofit). It requires designing and executing a process whereby diverse elements of society can participate in formulating key questions and choosing indicators in a way that increases consensus over time. Such a system will take time to develop. The federal government is an important and vital player in establishing such indicators.[14]

Fourth, the traditional oversight that the Congress provides to individual organizations, programs, and activities has an important role in eliminating redundancy and inefficiencies. Important benefits can be achieved through focused oversight if the right questions are asked about performance and management. Six key questions for program oversight are as follows:

- Does the program make sense given 21st century trends and challenges, including whether it is appropriate as an initiative of the federal government?

- Are there clear performance goals, measures, and data with which to track progress? Is the program achieving its goals? If not, why not?

- Does the program duplicate or even work at cross purposes with related programs and tools?

[14]U.S. General Accounting Office, *Forum on Key National Indicators: Assessing the Nation's Position and Progress*, GAO-03-672SP (Washington, D.C.: May 1, 2003).

- Is the program targeted properly?
- Is the program financially sustainable and are there opportunities for instituting appropriate cost-sharing and recovery mechanisms?
- Can the program be made more efficient through reengineering or streamlining processes or restructuring organizational roles and responsibilities?

Fifth, creating the results-oriented cultures needed to make GPRA a useful management tool depends on committed, top-level leadership and sustained attention to management issues. A chief operating officer (COO) could provide the sustained management attention essential for addressing key infrastructure and stewardship issues and could facilitate the transformation process. Establishing a COO position in selected federal agencies could provide a number of benefits. A COO would be the focal point for elevating attention on management issues and transformational change, integrating various key management and transformation efforts, and instituting accountability for addressing management issues and leading transformational change. A COO would provide a single organizational position for key management functions, such as human capital, financial management, information technology, acquisition management, and performance management as well as for transformational change initiatives. To be successful, in many cases, a COO will need to be among an agency's top leadership (e.g., deputy secretary or under secretary). However, consistent with the desire to integrate responsibilities, the creation of a senior management position needs to be considered with careful regard to existing positions and responsibilities so that it does not result in unnecessary "layering" at an agency. Consideration also should be given to providing a term appointment, such as a 5—7 year term. A term appointment would provide sustained leadership. No matter how the positions are structured, it is critical that the people appointed to these positions have proven track records in similar positions and be vested with sufficient authority to achieve results. To further clarify expectations and responsibilities, the COO should be subject to a clearly defined, results-oriented performance contract with appropriate incentives, rewards, and accountability mechanisms. For selected agencies, a COO should be subject to a Senate confirmation. In creating such a position, the Congress might consider making certain subordinate positions, such as the chief financial officer, not subject to Senate confirmation.

Concluding Remarks

In view of the broad trends and long-term fiscal challenges facing the nation, there is a need to consider how the Congress, OMB, and executive agencies can make better use of GPRA's planning and accountability framework to maximize the performance of not only individual programs and agencies but also the federal government as whole in addressing these challenges. The Congress can play a vital role in increasing the demand for such performance information by monitoring agencies' performance results, asking critical questions about goals not achieved, and considering whether adjustments are needed to maximize performance in the future. The large and growing fiscal gap means that tough, difficult choices will have to be made. Doing nothing is not an option. The Congress and the administration will need to use every tool at their disposal to address these challenges. In addressing these challenges, it will be important to set clear goals, involve all key players, and establish viable processes that will lead to positive results. Credible, timely, results-oriented performance information will be vital to this decisionmaking.

Mr. Chairman, this concludes my prepared statement. We in GAO take our responsibility to assist in these crucial efforts very seriously. I would be pleased to respond to any questions that you or other Members of the Committee may have.

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