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DEPARTMENT OF LABOR

Strategic Planning and Information Management Challenges Facing the Department

Statement of Carlotta C. Joyner, Director
Education and Employment Issues
Health, Education, and Human Services Division

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Department of Labor: Strategic Planning and Information Management Challenges Facing the Department

Mr. Chairman and Members of the Subcommittee:

We are pleased to be here today to discuss the major management challenges the Department of Labor faces in carrying out its mission in an efficient and effective manner. With a budget of $34.6 billion and about 16,700 staff in fiscal year 1998, Labor's mission is to "foster and promote the welfare of job seekers, wage earners, and retirees of the United States by improving their working conditions, advancing opportunities for profitable employment, and protecting their retirement investments." Over the past several years, the U.S. work environment has changed in such a way that achieving this mission is more difficult. For example, the strength of international competition has made the nation increasingly aware of the need for a skilled labor force. At the same time, large numbers of individuals in this country remain unprepared for such employment. Also, changes in employer and employee relations, such as increased use of part-time and contract employees, pose new challenges for worker protection. This environment increases the importance of more rigorous accountability from government agencies like Labor. The public is demanding more assurance that its tax dollars are not being wasted and that government is operating in accordance with sound business practices.

Today, I would like to discuss the Department of Labor's progress in strategic planning as envisioned by the Government Performance and Results Act of 1993 (hereafter referred to as the Results Act), and the challenge Labor faces in ensuring the effective information management necessary for Labor to fully realize the benefits of that planning. My observations are based on the numerous studies we have conducted regarding Labor over the past few years. (See the list of related GAO products at the end of this testimony.)

In summary, Labor's decentralized management structure makes adopting the better management practices envisioned by the Results Act—that is, articulating a comprehensive departmentwide mission statement linked to results-oriented goals, objectives, and performance measures—more challenging. Labor's September 30, 1997, strategic plan reflected its decentralized approach and the difficulty it presents for establishing departmentwide goals and monitoring their attainment. Labor chose to present individual plans for 15 of its 24 component offices along with a strategic plan overview. The overview contained five departmentwide goals that are generally results-oriented and a departmentwide management goal. However, we are concerned that the lack of a departmentwide perspective in the development of Labor's strategic plan

makes it organizationally driven rather than focused on mission. For example, several of the goals of the component units responsible for ensuring safe and healthful workplaces are similar yet listed separately for each unit. A more mission-focused approach would improve Labor's ability to identify ways in which its operations might be improved to minimize potential duplication and promote efficiencies.

In order to measure performance—the next step required under the Results Act—Labor will need information that is sufficiently complete, reliable, and consistent to be useful in decisionmaking. Our work has raised questions about how well Labor is meeting this management challenge. We have found data to be missing, unreliable, or inconsistent in agencies throughout the Department.

Labor, as well as all other federal agencies, must also address two information management issues we have described this year as high risk because of vulnerabilities to waste, fraud, abuse, and mismanagement. The first—information security—involves the agency's ability to protect information from unauthorized access. The second requires Labor to rapidly change its computer systems to accommodate dates in the 21st century. While Labor has appointed a chief information officer, as required under the Clinger-Cohen Act of 1996, to oversee these and other information management issues, questions remain as to whether or not other duties required of the individual appointed will allow her to devote the attention necessary to ensure success in this critical management area.

Background

Established as a department in 1913, Labor carries out its mission by administering and enforcing a variety of federal labor laws guaranteeing workers' rights to a workplace free from safety and health hazards, a minimum hourly wage and overtime pay, family and medical leave, freedom from employment discrimination, and unemployment insurance. Labor also protects workers' pension rights; provides job training programs; helps workers find jobs; works to strengthen free collective bargaining; and keeps track of changes in employment, prices, and other national economic measures. About three-fourths of Labor's almost $35 billion budget is composed of mandatory spending on income maintenance programs, such as the unemployment insurance program. Table 1 shows Labor's appropriation and authorized staff-year spending for fiscal year 1998.

Table 1: Department of Labor Appropriations and Authorized Staff-Year Spending, Fiscal Year 1998

Category	Fiscal year 1998 appropriations (millions)	Full-time-equivalent staff years
Unemployment insurance and other income maintenance expenses	$26,501	[a]
Employment training[b]	6,560	1,378
Worker protection	950	9,046
Occupational Safety and Health Administration	337	2,212
Employment Standards Administration	327	3,939
Mine Safety and Health Administration	204	2,186
Pension and Welfare Benefits Administration	82	709
Bureau of Labor Statistics	381	2,584
Departmental management	171	2,535
Office of the Inspector General	47	417
Pension Benefits Guaranty Corporation	10	754
Total	**$34,620**	**16,714**

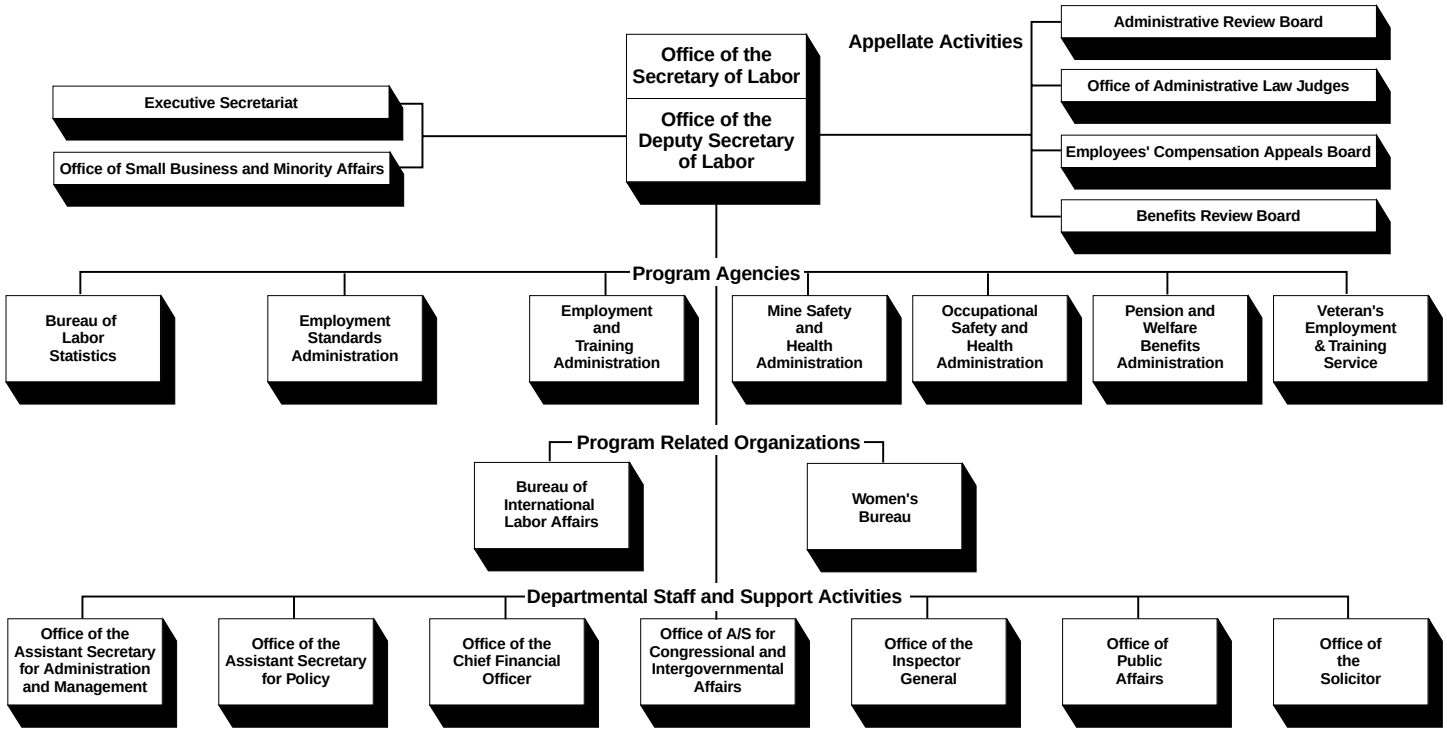
[a]Included under employment training.

[b]Includes Employment Training Administration and Veterans' Employment and Training Service.

Source: Department of Labor.

Labor's diverse functions are carried out by different offices in a decentralized organizational structure. Labor has 24 component offices or units and more than 1,000 field offices to support its various functional responsibilities (see fig. 1). However, its many program activities fall into two major categories: enhancing workers' skills through job training and ensuring worker protection. A third category relates to developing economic statistics, such as the Consumer Price Index (CPI) and unemployment data, which are used by business, labor, and government in formulating fiscal and monetary policy and in making cost-of-living adjustments.

Figure 1: Department of Labor Organization Chart



Results Act and Other Legislation Are Intended to Improve Management Governmentwide

Improving management practices can help federal agencies achieve their mission more effectively. Recognizing that federal agencies have not always brought the needed discipline to their management activities, recent legislation provides a framework for addressing long-standing management challenges. The centerpiece of this framework is the Results Act, mandating a comprehensive planning process throughout the federal government. Other elements of this management framework are the 1990 Chief Financial Officers Act, the 1995 Paperwork Reduction Act, the 1996 Federal Financial Management Improvement Act, and the 1996 Clinger-Cohen Act.[1] These laws each respond to a need for accurate,

[1]The 1990 Chief Financial Officers Act established a financial management leadership structure and requirements for long-range planning, audited financial statements, and strengthened accountability reporting. The Paperwork Reduction Act of 1995 is the overarching statute dealing with the acquisition and management of information resources. The Federal Financial Management Improvement Act of 1996 is intended to increase the capability of agencies to monitor execution of the budget by more readily permitting reports that compare spending of resources to results of activities. The Clinger-Cohen Act of 1996 elaborates on requirements that promote the use of information technology to better support agencies' missions and to improve program performance.

reliable information for executive branch and congressional decision-making.

The Results Act is aimed at improving program performance. It requires that agencies, in consultation with the Congress and after soliciting the views of other stakeholders, clearly define their missions and articulate comprehensive mission statements that define their basic purposes. It also requires that they establish long-term strategic goals and link annual performance goals to them. Agencies must then measure their performance against the goals they have set and report publicly on how well they are doing. In addition to monitoring ongoing performance, agencies are expected to evaluate their programs and to use the results from these evaluations to improve the programs.

The Results Act requires virtually every executive agency to develop a strategic plan covering a period of at least 5 years from the fiscal year in which it is submitted and to submit the plan to the Congress and the Office of Management and Budget (OMB). OMB provided guidance on the preparation and submission of strategic plans as a new part of its Circular No. A-11—the basic instructions for preparing the president's budget—to underscore the essential link between the Results Act and the budget process. The strategic plans are to include six elements: (1) a mission statement, (2) long-term goals and objectives, (3) approaches or strategies to achieve the goals and objectives, (4) a discussion of the relationship between long-term goals and annual performance goals, (5) key external factors affecting goals and objectives, and (6) evaluations used to establish goals and objectives and a schedule for future evaluations.

OMB required agencies to submit major parts of their draft strategic plans during the spring of 1997. The completed strategic plan was due to OMB and the Congress by September 30, 1997. The act requires agencies to submit annual performance plans tied to the agencies' budget request to reinforce the connections between the long-term strategic goals outlined in the strategic plans and the day-to-day activities of program managers and staff. Labor is expected to submit its first annual performance plan, which covers fiscal year 1999, this week along with its budget request.

Labor's Decentralized Organization Presents Challenges for Strategic Planning

Labor's decentralized structure makes it both more important and more difficult to ensure a system of accountability as envisioned in the Results Act. Labor's September 30, 1997, strategic plan reflects Labor's decentralized approach and the difficulty it presents for establishing departmentwide goals and monitoring their attainment.

Labor has traditionally operated as a set of individual components, each working largely independently with limited central direction and control. This decentralized organizational structure may allow Labor more flexibility to meet a variety of needs and focus resources in the field. However, it also makes adopting the better management practices envisioned by the Results Act more challenging. That is, articulating a comprehensive departmentwide mission statement, which is linked to results-oriented goals, objectives, and performance measures, is difficult because of the historical lack of central planning and the existing decentralized organizational structure.

Labor chose to present individual plans for 15 of its 24 component offices along with a strategic plan overview. This option was not inappropriate—it was specifically allowed by OMB. While OMB Circular A-11 strongly encourages agencies to submit a single, agencywide strategic plan, it states that an agency with disparate functions, such as Labor, may prepare several strategic plans for its major components or programs. Circular A-11 further provides that when an agency does prepare multiple strategic plans for component units, these should not be merely packaged together and submitted as a single strategic plan because the size and detail of such a compilation would reduce the plan's usefulness. Moreover, the agency is to prepare an agencywide strategic overview that will link individual plans by giving an overall statement of the agency's mission and goals.

Labor's overview contains six departmentwide goals. Five of these are results-oriented, and the sixth describes the process that will support the achievement of the other goals:

- lifelong learning and skill development;
- promoting welfare to work;
- enhancing pension and health benefits security;
- safe, healthy, and equal opportunity workplaces;
- helping working Americans balance work and family; and
- maintaining a departmental strategic management process.

The strategic plan Labor submitted to OMB and to the Congress on September 30, 1997, addressed many of the concerns we raised in our review of the draft plan submitted to OMB and provided to the Congress for consultation 4 months earlier, and it incorporated many improvements that made it more responsive to the Results Act.[2] Labor's revised strategic overview and all but one of the 15 component unit plans include all six elements required by the act. Further, the overview's mission statement provides a more complete description of Labor's basic purpose. Moreover, discussions of strategies to achieve goals and external factors that could affect the achievement of goals are discussed alongside individual goals, which facilitates the understanding of how particular strategies and external factors are linked to each goal.

The overview also attempts to address Labor's traditionally decentralized management approach, which has posed numerous management challenges for Labor in the past. For example, the sixth departmentwide goal, maintaining a departmental strategic management process, was added to the formally submitted plan. This may be an indication of a renewed emphasis by Labor to develop a more strategic approach to departmental management, an improvement that we have recommended in the past.[3] Other indications of this renewed approach to departmentwide leadership are evident in the similar organizational style of each of the component plans and the clear links between the strategic overview and the plans. For example, in the revised overview, the strategic goals of each of the units are highlighted under the appropriate departmentwide goal.

Similarly, in the plans for each of the component units, the unit strategic goals are categorized according to the departmentwide goal to which they correspond.

Labor's Strategic Overview Plan Can Be Further Improved

Although Labor has made significant improvements to its strategic plan overview, the plan does not fully overcome the challenges posed by Labor's decentralized structure. The plan, by packaging together the strategic goals of units and subunits, appears to be driven by the current organizational structure rather than by Labor's mission. For example, the

[2]The Results Act: Observations on Department of Labor's June 1997 Draft Strategic Plan (GAO/HEHS-97-172R, July 11, 1997).

[3]Strong Leadership Needed to Improve Management at the Department of Labor (GAO/HRD-86-12, Oct. 21, 1985).

15 agency goals listed under departmental goal 4—safe, healthy, and equal opportunity workplaces—are organization-specific rather than reflective of goals necessary to achieve the overall mission regardless of where the responsibility is placed organizationally. For example, there is no single stated goal of reducing workplace fatalities, injuries, and illnesses. Instead, four separate goals reflect that intended result in different kinds of workplaces where the Occupational Safety and Health Administration (OSHA), the Mine Safety and Health Administration (MSHA), the Employment and Training Administration (ETA), or the Office of the Assistant Secretary for Administration and Management (OASAM) has responsibility. A fifth goal reflects the responsibility of yet another component unit—the Employment Standards Administration (ESA)—to "minimize the human, social, and financial costs of work-related injuries" by encouraging the prompt return to work after injury in federal workplaces.

Establishing goals that reflect organizational units is useful for traditional accountability purposes, such as monitoring resources, processes, and outputs, but less useful for results-oriented planning. A mission-focused rather than organizationally focused planning process would improve Labor's ability to examine its operations to find a less costly, more effective means of meeting its mission. In past work, we have traced the management problems of many federal agencies to obsolete organizational structures that are inadequate for modern demands.[4] For example, our work has shown that the effectiveness of federal program areas as diverse as employment assistance and training, rural development, early childhood development, and food safety has been plagued by fragmented or overlapping efforts.[5] A frequently cited example of overlap and ineffectiveness is the federal food safety system, which took shape under as many as 35 laws and was administered by 12 different agencies, yet had not effectively protected the public from major foodborne illnesses.[6] As federal agencies become more outcome-oriented, they sometimes find that outmoded organizations must be changed to better meet customer needs and address the interests of stakeholders.

Labor could also improve its planning process by making greater use of evaluations, the sixth required element in the plans. For example, the overview does not detail how information from evaluations was used to

[4]Executive Guide: Effectively Implementing the Government Performance and Results Act (GAO/GGD-96-118, June 1996).

[5]Government Reorganization: Issues and Principles (GAO/T-GGD/AIMD-95-166, May 17, 1995).

[6]Food Safety: A Unified, Risk-Based Safety System Needed to Ensure Food Safety (GAO/T-RCED-94-71, Nov. 4, 1993).

develop the plan, nor does it specify how future evaluations will help assess Labor's success in achieving its stated goals. Instead, the overview discusses how evaluations in the regulatory agencies have lagged behind those in the employment and training area. In that respect, it is even more important that Labor provide schedules or timelines for future evaluations, identify the evaluations that will be done, and highlight how future program evaluations will be used to improve performance. Along those lines, we reported earlier that the experiences of OSHA as a pilot project could provide insight into how evaluations can be managed. OSHA has been involved in a number of activities geared toward making the management improvements intended by the Results Act. We believe that although not a requirement of the strategic planning process, it would be helpful for Labor to build on the experiences gained from the OSHA pilot project—identifying lessons learned and whether best practices or other lessons could be applied departmentwide or in units with similar functions.

A focus on results, as envisioned by the Results Act, implies that federal programs that contribute to the same or similar results should be closely coordinated to ensure that goals are consistent and, as appropriate, program efforts are mutually reinforcing. In our review of the strategic plan, we noted that Labor should improve the management of crosscutting program efforts by ensuring that those programs are appropriately coordinated to avoid duplication, fragmentation, and overlap. For example, while Labor's plan refers to a few other agencies with responsibilities in job training programs and notes that Labor plans to work with them, the plan contains no discussion of what specific coordination mechanism Labor will use to realize efficiencies and possible strategies to consolidate or coordinate job training programs to achieve a more effective job training system.

Effective Information Management Is Essential

Realizing the benefits of strategic planning will require that Labor has effective information management systems. Instead, we have found a lack of reliable and consistent information needed to monitor performance of individual programs and to disseminate information for use by others. Labor must also meet the challenge that faces all government agencies of ensuring information security, getting ready for the year 2000, and ensuring that it has an adequate systems architecture.

The Clinger-Cohen Act of 1996 requires that a qualified senior-level chief information officer be appointed to guide all major information resource

management activities, which would include addressing these specific and general issues. Labor appointed a chief information officer in August 1996. In 1996, OMB raised a question regarding this individual also serving as the Assistant Secretary for Administration and Management, since the Clinger-Cohen Act requires that information resources management be the primary function of the chief information officer. Because it is unclear whether one individual can fulfill the responsibilities required by both positions, OMB has asked Labor to evaluate its approach and report to OMB by the end of fiscal year 1998.

Labor Lacks Performance Management Data

Performance measurement, one of the Results Act's most important features, will require that Labor address a lack of reliable management information across the Department. Under the act, executive branch agencies are required to develop performance plans that use performance measurement to reinforce the connection between the long-term strategic goals outlined in their strategic plans and the day-to-day activities of their managers and staff. The annual performance plans are to include performance goals for an agency's program activities as listed in the budget, a summary of the necessary resources to conduct these activities, the performance indicators that will be used to measure performance, and a discussion of how the performance data will be validated and verified. Successful performance measurement requires that agencies recognize that they must balance their ideal performance measurement systems against real-world considerations, such as the cost and effort involved in gathering and analyzing data, while ensuring that the data they do collect are sufficiently complete, accurate, and consistent to be useful in decisionmaking.

Although we have not yet reviewed Labor's performance plan for fiscal year 1999, our past reviews of individual programs throughout the agency have found critical program performance information to be lacking, unreliable, or inconsistent. Examples can be found in ETA and OSHA.

ETA lacks information that would allow it to monitor its performance in processing agricultural employers' applications for the certification of temporary and seasonal agricultural guestworkers under the H-2A program.[7] Our analysis of the program showed that in fiscal year 1996, ETA issued Labor certifications after the statutory deadlines for at least one-third of all applications. ETA does not, however, collect key program

[7]H-2A Agricultural Guestworker Program: Changes Could Improve Services to Employers and Better Protect Workers (GAO/HEHS-98-20, Dec. 31, 1997).

management information that would allow it to monitor its performance in meeting the program's statutory and regulatory deadlines. Without information on the extent and cause of missed time periods, ETA cannot ensure that agricultural employers have workers when they are needed.

OSHA provides an example of the questionable reliability of some of Labor's data. As we reported in December 1996, OSHA, in its Integrated Management Information System (IMIS), does not always appropriately characterize or fully capture information on settlement agreements it has reached with employers, nor does it always change inspection data in a timely manner to reflect the terms of a settlement agreement.[8] As a result, information regarding the number or type of violations and penalty amounts associated with a particular inspection can be distorted or inaccurate because it may not include reductions in penalties that occur as part of the settlement process. In addition, the depiction within its database of the relationship between a fatality or injury and the violations detected can be misleading. Not only do unreliable data limit effective management of OSHA's programs; they can also affect the private sector because, unlike some other government-maintained databases, OSHA's IMIS database is publicly accessible. Academia relies on its accuracy in conducting policy research, while some private sector employers use its data in their commercial activities. For example, a database information service company based in Maplewood, New Jersey, offers standard reports and customized searches of Labor's data to assist both public and private sector organizations with screening companies before contracting with them for products or services.

In our work on Job Corps—administered by ETA—we also found that reported information did not provide an accurate picture of program activities and results. Our survey of employers who were reported as hiring Job Corps participants showed that about 15 percent of the job placements in our sample were potentially invalid: A number of employers reported that they had not hired students whom Labor had reported placed with their businesses, and other employers of Job Corps participants identified by Labor could not be found.[9]

In addition, some data that are collected lack the consistency that is essential to evaluating performance when multiple programs address similar missions and goals. This is particularly important for Labor, where

[8] OSHA's Inspection Database (GAO/HEHS-97-43R, Dec. 30, 1996).

[9] Job Corps: High Costs and Mixed Results Raise Questions About Program's Effectiveness (GAO/HEHS-95-180, June 30, 1995).

many of the programs are administered by state and local agencies with federal funding and oversight, such as ETA's Job Training Partnership Act (JTPA) programs. For example, as we reported in September 1996, we found a lack of consistency among Labor and other agencies administering employment-focused programs for the disabled. Those that collected data on program outcomes—such as data on whether participants got jobs and kept them, what wages they received, and whether they received employee benefits such as health insurance—used different definitions for key data. They also had different eligibility criteria, paperwork requirements, software, and confidentiality rules that limited comparisons of program performance.[10]

The need for consistent data is particularly significant given the challenges Labor faces in meeting the goals of workforce development within the context of an uncoordinated system of multiple employment training programs operated by numerous departments and agencies. For fiscal year 1995, we identified 163 federal employment training programs, with a total budget of $20.4 billion, operated by a total of 15 federal departments and agencies; Labor had responsibility for 37 of these programs.[11] Although many of these programs had similar goals and overlapping missions, they often had inconsistent measures for program success—where there were measures at all. As a result, we do not know whether individual programs are effective or whether the federal government's efforts to improve skills, employment, and wages of workers are successful.[12]

Information Produced for Use by Others Is Vulnerable to Labor's Information Management Weaknesses

In carrying out its mission, Labor produces some information for use outside the Department by both government and private sector entities. Examples include the prevailing wage rates applicable under certain statutes and statistical data in the field of labor economics, such as the CPI. This information—like the performance management information Labor uses—can be affected by weaknesses in Labor's information management systems.

[10]People With Disabilities: Federal Programs Could Work Together More Efficiently to Promote Employment (GAO/HEHS-96-126, Sept. 3, 1996).

[11]Multiple Employment Training Programs: Information Crosswalk on 163 Employment Training Programs (GAO/HEHS-95-85FS, Feb. 14, 1995) and Multiple Employment Training Programs: Major Overhaul Needed to Reduce Costs, Streamline the Bureaucracy, and Improve Results (GAO/T-HEHS-95-53, Jan. 10, 1995).

[12]Multiple Employment Training Programs: Basic Program Data Often Missing (GAO/T-HEHS-94-239, Sept. 28, 1994) and Multiple Employment Training Programs: Most Federal Agencies Do Not Know If Their Programs Are Working Effectively (GAO-HEHS-94-88, Mar. 2, 1994).

ESA, for example, sets prevailing wage rates under the Davis-Bacon Act for construction job classifications in some 3,000 individual counties or groups of counties and for four different types of construction. Employers on federal construction projects must pay workers wages at or above these rates. Wage rate determinations are based on voluntarily submitted wage and benefit data from employers and third parties, such as unions or trade groups, on construction projects. In May 1996, we reported that Labor's wage determination process contained weaknesses that could permit the use of fraudulent or inaccurate data in the setting of prevailing wage rates.[13] If these weaknesses allow the use of erroneous data, the result may be in either of two directions. If the wage rate is set too low, construction workers may be paid less than the amount to which they are entitled; if the rate is too high, the government may pay excessive construction costs.

Labor has begun to address these process weaknesses. Its long-term strategy involves an initiative funded at about $4 million in its fiscal year 1997 budget to develop, evaluate, and implement alternative reliable wage determination methodologies that would provide accurate and timely wage determinations at reasonable cost. We recommended some additional steps, however, that would, in the short-term, improve the verification of wage data submitted by employers. The House Appropriations Committee subsequently directed Labor to ensure that an appropriate portion of the funds appropriated for the program in fiscal year 1997 is used to implement those recommendations and requested that we review the success of those efforts. We expect to begin this study in early 1998.

The Bureau of Labor Statistics (BLS) produces the CPI, the principal source of information on trends in consumer prices and inflation in the United States. It is used as an economic indicator of inflation and an escalator for wages, income payments, and tax brackets. In fiscal year 1996, about $656 billion of federal tax receipts and $458 billion in federal spending such as for social security payments and food stamps were automatically linked to price changes measured by the CPI. In our October 1997 report, we assessed how often expenditure weights are updated in the CPI. These weights are used to give proportionate emphasis for price changes for one item in relation to other items in the CPI. We have found that the accuracy of the CPI as a measure of inflation could be improved if the expenditure

[13]Davis-Bacon Act: Process Changes Could Raise Confidence That Wage Rates Are Based on Accurate Data (GAO/HEHS-96-130, May 31, 1996) and Davis-Bacon Act: Process Changes Could Address Vulnerability to Use of Inaccurate Data in Setting Prevailing Wage Rates (GAO/T-HEHS-96-166, June 20, 1996).

weights were updated more frequently. Because BLS has updated these weights only every 10 years or so, we recommended more frequent updating of the market basket expenditure weights to make the CPI more timely in its representation of consumer expenditures.

Some Challenges of Information Resource Management Are Common to Labor and Other Federal Agencies

Information management is the subject of two new areas we have added this year to our list of areas at high risk of fraud, waste, abuse, or mismanagement: information security and the year 2000 problem, both of which apply to Labor as well as to all other government agencies. Information security generally involves an agency's ability to adequately protect the information it collects from unauthorized access.[14] Ensuring information security is an ongoing challenge for Labor, especially given the sensitivity of some of the employee information being collected. Ensuring confidentiality is also essential to the quality of the information collected, given the voluntary nature of many of the surveys that Labor administers, such as the wage reports used to set Davis-Bacon prevailing wage rates.

The second area involves the need for computer systems to be changed to accommodate dates beyond the year 1999. This year 2000 problem stems from the common practice of abbreviating years by their last two digits. Thus, miscalculations in all kinds of activities, such as benefit payments, could occur because the computer system would interpret 00 as 1900 instead of 2000. Labor, along with other agencies that use dates to process information, is faced with the challenge of developing strategies to deal with this potential problem area in the near future. We have been asked to look at a number of efforts in individual Labor units to assess their progress toward making their computer systems capable of accommodating 21st century dates.

These two areas, computer security and the year 2000 computer problem, are just a part of the plethora of management challenges organizations such as Labor face in the complex world of information management and technology. As stated earlier, Labor's decentralized management and structure make adopting better management practices even more challenging. Also, because Labor's agencies maintain multiple computer systems, operated by several contractors, incorporating a variety of differing architectural characteristics—including hardware, operating systems, application languages, and database management systems—the

[14]High-Risk Series: Information Management and Technology (GAO/HR-97-9, Feb. 1997). See also High-Risk Series: An Overview (GAO/HR-97-1, Feb. 1997) and High-Risk Series: Quick Reference Guide (GAO/HR-97-2, Feb. 1997).

challenge to obtain complete, reliable, and consistent information throughout the Department is formidable. However, while solutions to complex information management and technology problems are not simple, they do exist.

For example, as computer-based information systems have become larger and more complex over the past 10 years, the importance of, and reliance on, what is called a "systems architecture" has correspondingly increased. Simply put, an architecture is the blueprint to guide and constrain the development and evolution of a collection of related systems. This is done first in logical terms, such as defining the organization's functions, providing high-level descriptions of its information systems and their interrelationships, and specifying how and where information flows. Second, this blueprint explains operations in technical terms, such as specifying hardware, software, data communications, security, and performance characteristics. The Congress has recognized the importance of such architecture in improving the effectiveness and efficiency of federal information systems. The Clinger-Cohen Act of 1996 requires, among other provisions, that department-level chief information officers develop, maintain, and facilitate the implementation of integrated systems architecture. A sound systems architecture would ensure that data being collected and maintained within an organization are structured and stored in a manner that makes them accessible, understandable, and useful throughout the organization.

Conclusion

Labor's programs touch the lives of nearly every American because of the Department's responsibilities for employment training, job placement, and income security for workers when they are unemployed, as well as workplace conditions. Labor's mission is an urgent one. Each day or week or year of unemployment or underemployment is one too many for individuals and their families. Every instance of a worker's being injured on the job or not paid legal wages is one that should not occur. Every employer frustrated in attempts to find competent workers or to understand and comply with complex or unclear regulations contributes to productivity losses our country can ill afford. And every dollar wasted in carrying out the Department's mission is one we cannot afford to waste.

Labor currently has a budget of $34.6 billion and about 16,700 staff to carry out its program activities. Over the years, our work on the effectiveness of these programs has called for more efficient use of these resources, and we have recommended that Labor improve its strategic planning process.

The current federal effort to improve strategic planning seeks to shift the focus of government decision-making and accountability away from a preoccupation with activities—such as awarding grants and conducting inspections—to a focus on the results of those activities such as real gains in employability, safety, or program quality. Labor's strategic planning efforts are still very much a work in progress. Like other agencies, Labor must focus more on the results of its activities and on obtaining the information it needs for a more focused, results-oriented management decision-making process. The Results Act provides a statutory framework needed to manage for results, and Labor has begun to improve its management practices in ways that are consistent with that legislation. The benefits of the Results Act can be particularly important for a decentralized department such as Labor. However, such an organizational structure provides challenges in meeting the legislation's objectives.

Today's information systems offer the government unprecedented opportunities to deliver high-quality services, tailored to the public's changing needs, more effectively, faster, and at lower cost. Moreover, better systems can enhance the quality and accessibility of important knowledge and information, both for the public and for federal managers. It is increasingly important that Labor take advantage of these opportunities and address its information management weaknesses as it implements the Results Act if the benefits envisioned are to be fully realized.

Mr. Chairman, this concludes my prepared statement. I will be happy to answer any questions that you or Members of the Subcommittee may have.

Related GAO Products

H-2A Agricultural Guestworker Program: Changes Could Improve Services to Employers and Better Protect Workers (GAO/HEHS-98-20, Dec. 31, 1997).

Job Corps: Participant Selection and Performance Measurement Need to Be Improved (GAO/T-HEHS-98-37, Oct. 23, 1997).

The Results Act: Observations on Department of Labor's June 1997 Draft Strategic Plan (GAO/HEHS-97-172R, July 11, 1997).

Managing for Results: Using GPRA to Assist Congressional and Executive Branch Decisionmaking (GAO/T-GGD-97-43, Feb. 12, 1997).

High-Risk Series: Information Management and Technology (GAO/HR-97-9, Feb. 1997).

OSHA's Inspection Database (GAO/HEHS-97-43R, Dec. 30, 1996).

Information Technology Investment: Agencies Can Improve Performance, Reduce Costs, and Minimize Risks (GAO/AIMD-96-64, Sept. 30, 1996).

Education and Labor: Information on the Departments' Field Offices (GAO/HEHS-96-178, Sept. 16, 1996).

People With Disabilities: Federal Programs Could Work Together More Efficiently to Promote Employment (GAO/HEHS-96-126, Sept. 3, 1996).

Executive Guide: Effectively Implementing the Government Performance and Results Act (GAO/GGD-96-118, June 1996).

Davis-Bacon Act: Process Changes Could Raise Confidence That Wage Rates Are Based on Accurate Data (GAO/HEHS-96-130, May 31, 1996).

Multiple Employment Training Programs: Major Overhaul Needed to Reduce Costs, Streamline the Bureaucracy, and Improve Results (GAO/T-HEHS-95-53, Jan. 10, 1995).

Multiple Employment Training Programs: Basic Program Data Often Missing (GAO/T-HEHS-94-239, Sept. 28, 1994).

Executive Guide: Improving Mission Performance Through Strategic Information Management and Technology (GAO/AIMD-94-115, May 1994).

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