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Testimony

Before the Subcommittee on Forests and Forest Health,
Committee on Resources, House of Representatives

For Release
on Delivery
Expected at
10:00 a.m. EDT
Thursday
July 31, 1997

THE RESULTS ACT

Observations on the Forest
Service's May 1997 Draft
Plan

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Madam Chairman and Members of the Subcommittee:

We are pleased to be here today to discuss the implementation of the Government Performance and Results Act of 1993 (often referred to as the Results Act or GPRA) within the Department of Agriculture's Forest Service. My testimony today will discuss (1) the need to hold the Forest Service accountable for its performance; (2) the importance of agreed-upon, long-term strategic goals to the successful implementation of the act and the reasons for the current lack of agreement on these goals; and (3) our observations on how the Forest Service can improve critical components, including the strategic goals component, of its draft plan to make it more informative and useful to the Congress and other stakeholders.

To comply with the requirements of the Results Act, Agriculture submitted a draft strategic plan to the Congress in May 1997. Agriculture's draft strategic plan includes a Department-wide strategic overview, as well as 30 component mission area, subagency, and staff office plans, including one for the Forest Service. My comments today are based primarily on our April 29, 1997, report on the agency's decision-making¹ and our July 10, 1997, report on Agriculture's draft strategic plan.² In our decision-making report, we conclude that the Results Act, if implemented successfully, will strengthen the Forest Service's accountability for performance and results and improve the efficiency and effectiveness of its decision-making. In our report on Agriculture's draft strategic plan we conclude that, overall, the plan does not fulfill the requirements of the Results Act.

My comments are limited to the Forest Service's plan and to the agency's management of the 155 forests that make up the National Forest System. They do not address the Forest Service's other programs, including forest research, state and private forestry, and international forestry, which are also covered by the Forest Service's plan.

In summary, Madam Chairman:

- Our report on the Forest Service's decision-making identifies an organizational culture of indifference toward accountability. The agency's historically decentralized management and recently increased flexibility in fiscal decision-making have not been accompanied by sufficient accountability for expenditures and performance. As a result, inefficiency

¹Forest Service Decision-Making: A Framework for Improving Performance (GAO/RCED-97-71).

²USDA's Strategic Plan (GAO/RCED-97-196R, July 10, 1997).

and waste have cost taxpayers hundreds of millions of dollars, and opportunities for both ecological and economic gains have been lost through indecision and delay. Past efforts by the Forest Service to change its behavior have not been successful. Decision-making within the agency is broken and in need of repair.

- The Results Act, if implemented successfully, should help break the existing cycle of inefficiency within the Forest Service. The strategic goals in the Forest Service's plan form the starting point and foundation for holding the agency accountable for its performance. Hence, these goals are critical to successfully implementing the act within the agency. However, agreement has not been reached on the strategic goals in the Forest Service's plan. This lack of agreement reflects the controversy, both inside and outside the Forest Service, over (1) which uses to emphasize under the agency's broad multiple-use and sustained-yield mandate and (2) which management approach can best ensure the long-term sustainability of legislatively mandated uses on the national forests. As a result, the agency cannot begin to derive the benefits anticipated from implementing the act.
- The consultations with the Congress prescribed by the Results Act provide an opportunity for the Forest Service to better explain (1) its rationale for emphasizing some legislatively mandated uses on the national forests more than other uses, (2) the logic underlying its approach to managing natural resources, and (3) the likely effects of its policy choices on the types, levels, and mixes of uses on its lands. However, the Forest Service's plan is silent on these issues.

Background

Laws guiding the management of the 155 national forests require the Forest Service to manage its lands under the principles of multiple use and sustained yield to meet the diverse needs of the American people. Under these principles, the Forest Service is required to manage its lands to provide high levels of six renewable surface uses—outdoor recreation, rangeland, timber, watersheds and water flows, wilderness, and wildlife and fish—to current users while sustaining undiminished the lands' ability to produce these uses for future generations. In addition, the Forest Service's guidance and regulations require the agency to consider nonrenewable subsurface resources—such as oil, gas, and hardrock minerals—in its planning efforts.

Strategic Planning

The Forest Service has prepared two draft plans—one in May 1997 under the Results Act and another in October 1995 to comply with the

requirements of the Forest and Rangeland Renewable Resources Planning Act of 1974 (known as RPA).

The Results Act is intended to improve the efficiency and effectiveness of federal programs by establishing a system to set goals for the programs' performance and to measure results. Specifically, the act requires executive departments and agencies to prepare multiyear strategic plans, annual performance plans, and annual performance reports.

As a starting point, the act requires virtually every executive department and agency to develop a strategic plan covering a period that extends at least 5 years beyond the fiscal year in which it is submitted. These strategic plans are to include six critical components: (1) a comprehensive statement of the department's or agency's mission, (2) the department's or agency's long-term general goals and objectives—or strategic goals—for all major functions and operations, (3) a description of the approaches (or strategies) for achieving the goals and the various resources needed, (4) an identification of key factors, external to the department or agency and beyond its control, that could significantly affect its achievement of the strategic goals, (5) a description of the relationship between the long-term strategic goals and annual performance goals, and (6) a description of how program evaluations were used to establish or revise strategic goals and a schedule for future evaluations.³

In developing their strategic plans, departments and agencies are to consult with the Congress and to solicit the views of other stakeholders. They are to submit their first strategic plans to the Office of Management and Budget (OMB) and the Congress by September 30, 1997. A letter transmitting a strategic plan to OMB and the Congress should include, among other things, a summary of stakeholders' views that "disagree, in a substantive and germane way, with the programmatic, policy, or management courses of action presented in the plan."

Next, the Results Act requires executive departments and agencies to develop annual performance plans covering each program activity set forth in their budgets. The first annual performance plans, covering fiscal year 1999, are to be provided to the Congress after the President's budget is submitted to the Congress in January or February 1998. An annual performance plan is to contain the department's or agency's annual goals,

³See Preparation and Submission of Strategic Plans, Office of Management and Budget Circular A-11, Part 2 (Sept. 1995) and Agencies' Strategic Plans Under GPRA: Key Questions to Facilitate Congressional Review (GAO/GGD-10.1.16, May 1997).

its measures to gauge its performance toward meeting those goals, and the resources that it will need to meet its goals.

Finally, the Results Act requires executive departments and agencies to prepare annual reports on program performance for the previous fiscal year. The performance reports are to be issued by March 31 each year, with the first (for fiscal year 1999) to be issued by March 31, 2000. In each report, a department or agency is to compare its performance against its goals, summarize the findings of program evaluations completed during the year, and describe the actions needed to address any unmet goals.

RPA requires the Forest Service to, among other things, prepare a long-term strategic plan every 5 years that recommends a level of future outputs and associated costs. This plan is to be transmitted to the Congress along with a presidential statement of policy, which indicates the President's intention to implement the plan through the annual budgeting process. The Congress may accept or revise the statement of policy. Once approved, the statement of policy and the RPA strategic plan serve as a guide to the Forest Service's future planning and as a basis for future budget proposals. Finally, the agency prepares an annual report assessing its accomplishments and progress in implementing the plan.

Status of the Results Act's Implementation

The department-wide strategic overview—included in Agriculture's draft strategic plan submitted to the Congress in May 1997—contains its overall mission and goals. The overview refers the reader to the 30 component mission area, subagency, and staff office plans for information on the six critical components.

The Forest Service had pilot-tested the Results Act's performance planning and reporting requirements during fiscal years 1994 through 1996. The agency has, over the past several weeks, briefed cognizant congressional committees and subcommittees on the plan. The Forest Service's plan will be included in Agriculture's final plan to be submitted to OMB and the Congress by September 30, 1997.

The strategic goals in the Forest Service's May 1997 plan are based on the strategic goals in a draft RPA strategic plan, that the Forest Service issued for public review and comment in October 1995.⁴ In May 1997, the Chief of the Forest Service announced that the plan would be delayed for approximately 10 more months to ensure that it fully reflects the most

⁴The Forest Service Program for Forest and Rangeland Resources: A Long-Term Strategic Plan, Draft 1995 RPA Program, U.S. Department of Agriculture, Forest Service, Washington Office (Oct. 16, 1995).

appropriate paths and priorities to care for the land and provide benefits for the American people. He continued that during this period, the Forest Service will conduct additional analysis related to a number of important issues. As a result, the Congress has not had an opportunity to accept or revise the statement of policy, as required by RPA.

The draft RPA plan included four long-term strategic goals: (1) protecting ecosystems by ensuring their health and diversity while meeting people's needs; (2) restoring deteriorated ecosystems to improve the likelihood that biological diversity, long-term sustainability, and future options are maintained; (3) providing multiple benefits to meet people's needs for uses, values, products, and services within the capabilities of ecosystems; and (4) ensuring organizational effectiveness by creating and maintaining a multidisciplinary and multicultural workforce, respecting expertise and professionalism, and empowering people to carry out the agency's mission while holding them accountable for achieving negotiated objectives. The May 1997 plan combines the first two strategic goals in the draft RPA plan into a single goal of restoring and protecting ecosystems, and it retains the other two draft RPA goals (providing multiple benefits for people within the capabilities of ecosystems and ensuring organizational effectiveness).

Each of the three long-term strategic goals in the May 1997 plan is subdivided into objectives that the Forest Service believes are quantifiable and can be linked to the current budget structure. For example, the strategic goal of restoring and protecting ecosystems has been subdivided into objectives for aquatic, forestland, and rangeland ecosystems; for National Forest System lands and waters; and for threatened, endangered, and sensitive species. Similarly, the strategic goal of providing multiple benefits for people within the capabilities of ecosystems has been subdivided into objectives for specific multiple uses, such as outdoor recreation, wilderness, forage, timber, and mineral resources.

The Forest Service Has Not Given Adequate Attention to Improving Its Performance

Madam Chairman, let me briefly discuss why it is important to hold the Forest Service accountable for its performance.

Our report on the Forest Service's decision-making identifies an organizational culture of indifference toward accountability. The agency's decentralized management and recently increased flexibility in shifting funds within a simplified budget structure have not been accompanied by sufficient accountability for expenditures and performance. The result is inefficiency and waste.

For example, according to a November 1995 internal Forest Service report, inefficiencies within the agency's decision-making process cost up to \$100 million a year at the individual project level alone. These costs are not borne by the Forest Service, but by the American taxpayer, since the agency accomplishes fewer objectives with its yearly appropriations.

Moreover, as we pointed out in our report and in our April 29, 1997, testimony on the Forest Service's process for revising the Tongass National Forest plan,⁵ the increased costs of inefficiency at every decision-making level within the Forest Service should be measured not only in dollars but also in lost ecological and economic opportunities. A deteriorated aquatic or riparian ecosystem cannot be restored and the critical habitat of an endangered species cannot be protected until a decision is made. Similarly, a livestock grazing permit cannot be renewed and a timber sale cannot be offered until the agency reaches a decision. However, the most likely outcomes of the Forest Service's current decision-making process are indecision and delay.

Delays in finalizing forest plans, coupled with delays in finalizing agencywide regulations and reaching individual project decisions, can total a decade or longer. For example, the agency spent almost 10 years revising the Tongass forest plan, and preparing a timber sale usually takes another 3 to 8 years. As a result, those who are economically dependent on the national forests are precluded from forming reasonable expectations about the future availability of the forests' uses. In addition, the forests' health and productivity over time—whether measured by the diversity of species, the availability of commodities, or any other indicators of performance—are affected by the missed opportunities for improvement.

Past efforts by the Forest Service to improve its performance have been stymied by the organization's highly decentralized management. At every level, managers have considerable autonomy and discretion for interpreting and applying the agency's policies and directions. For example, in response to congressional concerns about the Forest Service's inability to deliver what is expected or promised, the Chief, in the fall of 1991, formed an agencywide task force to review the issue of accountability. The task force's 1994 report set forth a process and recommended changes to strengthen accountability. However, the task force's recommendations have never been implemented throughout the agency.

⁵Tongass National Forest: Lack of Accountability for Time and Costs Has Delayed Forest Plan Revision (GAO/T-RCED-97-153).

Agreement Has Not Been Reached on the Forest Service's Strategic Goals

The Results Act, if implemented successfully, should help break the existing cycle of inefficiency within the Forest Service, strengthen the agency's accountability for performance and results, and improve the efficiency and effectiveness of its decision-making. The strategic goals in the Forest Service's plan form the starting point and foundation for holding the agency accountable for its performance. Hence, these goals are critical to successfully implementing the act within the agency. However, agreement has not been reached on the strategic goals in the Forest Service's plan, and the agency cannot begin to derive the benefits anticipated from implementing the act.

The lack of agreement on the Forest Service's strategic goals reflects the controversy, both inside and outside the agency, over (1) which uses the agency is to emphasize and (2) which management approach can best ensure the long-term sustainability of legislatively mandated uses on the national forests. The strategic goals in the Forest Service's plan reflect (1) an ongoing shift in emphasis under the agency's broad multiple-use and sustained-yield mandate from consumption (primarily producing timber) to conservation (primarily sustaining wildlife and fish) and (2) a significant change in the way the Forest Service considers and manages natural resources (from managing primarily along administrative boundaries to analyzing environmental issues and concerns along the boundaries of natural systems, such as aquatic, forestland, and rangeland ecosystems and the habitats of threatened, endangered, and sensitive species). The increasing emphasis on conservation and ecosystem management conflicts with the agency's older emphasis on producing timber and other commodities and will likely constrain future uses of the national forests, such as recreation.

The Forest Service has been aware for some time of the controversy surrounding its increasing emphasis on conservation and ecosystem management and the likely effects of these changes in its management on the types, levels, and mixes of legislatively mandated uses on the national forests. These issues surfaced immediately after the Forest Service conducted a briefing in January 1996 on its October 1995 draft RPA plan (which includes the same strategic goals as the agency's May 1997 plan). The day after the briefing, the Chairman of the Subcommittee on National Parks, Forests and Lands, House Committee on Resources, and the Chairman of the Subcommittee on Forests and Public Land Management, Senate Committee on Energy and Natural Resources, wrote to the Secretary of Agriculture stating, among other things, that (1) the justification for the plan was "woefully inadequate," (2) the plan

represented an abandonment of the agency's multiple use and sustained yield principles, (3) the Chairmen would not endorse the goals contained in the draft plan, and (4) the final plan would require substantial changes to address their concerns.

The Forest Service's Plan Does Not Adequately Address Many Critical Components

We recognize that Agriculture's final plan—which will include the Forest Service's plan—is not due to the Congress and OMB until September 30, 1997, and that the Results Act anticipates that the final plan will be continually refined as future planning cycles occur. We also recognize that a strategic plan is dynamic and that Forest Service, Agriculture, OMB, and congressional staff are continuing to revise the draft. However, given both the importance of strategic goals to the successful implementation of the act and the disagreement over the goals in the Forest Service's plan, we believe that the agency should have taken the opportunity presented by the act to consult with the Congress to better articulate its positions on controversial issues. Specifically, the Forest Service should have set forth (1) its rationale for emphasizing some legislatively mandated uses on the national forests more than other uses, (2) the logic underlying its reliance on ecosystem management, and (3) the likely effects of its policy choices on the types, levels, and mixes of multiple uses on its lands.

The Forest Service seems to recognize the importance of reaching agreement on its strategic goals to the successful implementation of the act. For example, as the agency was drafting its plan, the Chief commented on a draft of our decision-making report, stating that (1) clarifying the agency's mission was one of the Forest Service's "highest priorities," (2) the agency was taking actions to clarify its long-term strategic goals, and (3) the Forest Service intends to use the Results Act to articulate these "mission principles." However, the May 1997 plan does less than the draft RPA plan to articulate the rationale for the agency's strategic goals and management approach. Furthermore, the May 1997 plan is silent on the likely effects of the goals and management approach on the legislatively mandated multiple uses on the national forests.

In addition, we believe that the Forest Service's May 1997 plan falls short of adequately addressing critical components required by the Results Act, especially in identifying key external factors that could affect achievement of the plan's strategic goals and objectives.

A Comprehensive Agency Mission Statement and Agencywide Long-Term Strategic Goals

The May 1997 plan captures the Forest Service's broad multiple-use and sustained-yield mandate, stating that the agency's mission is to "achieve quality land management under sustainable multiple use management concepts to meet the diverse needs of the land and people." This mission allows the agency to be all things to all people. However, the Forest Service is increasingly unable to avoid, resolve, or mitigate conflicts among competing uses on national forests by separating them among areas and over time. As a result, the agency must make hard policy choices concerning which of the competing multiple uses to emphasize and how to resolve conflicts or make choices among these uses on its lands.

The multiple-use laws which guide the management of the nation's forests provide little guidance for the Forest Service in resolving conflicts among competing uses. Often, the emphasis that the agency gives to particular uses responds to factors supplementing these acts, such as requirements in planning and environmental laws and their judicial interpretations. For example, section 7 of the Endangered Species Act represents a congressional design to give greater priority to the protection of endangered and threatened species than to the current primary missions of the Forest Service and other federal agencies. When proposing a project, the Forest Service bears the burden of demonstrating that its actions will not likely jeopardize listed species.

The strategic goals included in the plan reflect hard policy choices that the Forest Service has made among competing uses. For example, in his April 21, 1997, written comments on a draft of our decision-making report, the Chief of the Forest Service stated that: "Simply stated, the Forest Service believes that without first securing the health, diversity, and productivity of the land, we [the agency] simply cannot meet the needs of people." Hence, the goals are controversial. Had the Forest Service not only made the hard choices but also articulated its rationale for making them, it would have better equipped the Congress to understand its decisions.

An Identification of Key External Factors

The May 1997 plan does not discuss key external factors that could affect the achievement of the plan's strategic goals and objectives.

OMB Circular A-11 instructs that a department's or agency's strategic plan briefly describe each key external factor that could affect the achievement of the plan's strategic goals and objectives, indicate the factor's link with a particular goal or goals, and describe how the achievement of a goal could

be affected by the factor. Early in our review of the Forest Service's decision-making, agency officials voiced concern about the many external factors that affect the outcomes of the agency's decisions and can prevent the Forest Service from achieving its objectives.⁶ These factors include changes in natural conditions and in funding, as well as new information and events, such as the listing of a species as endangered or threatened. Because these factors can have such an important effect on its accomplishments and are largely beyond its ability to control, the Forest Service has proposed removing from its forest plans measurable objectives for goods and services, such as quantities of wood for lumber and forage for livestock and numbers of opportunities for recreation. However, the Forest Service discussed none of these external factors in its draft plan.

Forest Service officials identified differences in the requirements of numerous planning and environmental laws, enacted primarily during the 1960s and 1970s, and differing judicial interpretations of the same statutory requirements that make it difficult for the agency to predict when any given decision can be considered final and can be implemented. This uncertainty reduces the agency's ability to achieve its objectives. In addition, as we emphasized in our April 29, 1997, testimony on revising the Tongass forest plan, disagreements with federal regulatory agencies over the best approaches to achieving environmental objectives and implementing laws and regulations have also delayed forests plans and projects. However, the Forest Service's plan does not discuss these external factors, even though the agency suggested options for changing the current statutory framework in 1995.

A Description of the Relationship Between the Long-Term Strategic Goals and Annual Performance Goals

The May 1997 plan does not indicate how the Forest Service intends to measure progress toward achieving its strategic goals. For example, it does not specify how the agency proposes to measure (1) the impact of ecosystem management on the health of forests and degraded rangelands and (2) the effects of its policy choices on the types, levels, and mixes of uses on its lands. Instead of discussing the relationship between strategic and performance goals in the plan, as instructed by OMB Circular A-11, the Forest Service has deferred this discussion for Agriculture's fiscal year 1999 annual performance plan that the Department is to submit to the Congress in February 1998.

⁶Forest Service: Issues Relating to Its Decisionmaking Process (GAO/T-RCED-96-66, Jan. 25, 1996) and Forest Service: Issues Related to Managing National Forests for Multiple Uses (GAO/T-RCED-96-111, Mar. 26, 1996).

According to the Chief of the Forest Service, the agency's performance measures will result in "tangible social and ecological benefits." However, the Forest Service has had difficulty establishing performance measures and annual target levels to assess its progress. In its June 1990 Critique of Land Management Planning,⁷ the Forest Service states that "meaningful production goals for recreation, water, wildlife, and fisheries have yet to be established, even in theory, and reported accomplishments would be nearly impossible to evaluate objectively or even verify independently." An April 22, 1997, draft of the Forest Service's plan stated that indicators of performance would have to be used to measure progress toward achieving some objectives until outcome measures can be fully developed.

A Description of How Program Evaluations Will Be Used

Our report on the Forest Service's decision-making identifies problems in the agency's data and information systems dating back 17 years. These problems include (1) not adequately monitoring the effects of past management decisions to more accurately estimate the effects of similar future decisions and to modify decisions when new information is uncovered or when preexisting monitoring thresholds are crossed and (2) not maintaining comparable environmental and socioeconomic data that are useful and easily accessible. We and others have recommended steps that the Forest Service could take to improve its data and systems, but it has deferred action on these recommendations.

OMB Circular A-11 instructs that a department's or agency's strategic plan include a schedule for future program evaluations. However, the Forest Service's draft plan defers action, proposing to take approximately 2 years to develop "a clear and shared understanding of how to assess results at the corporate level and select the best methodology." This is consistent with the agency's tendency to study and restudy issues without reaching closure. Without these evaluations, the agency will not be able to produce the reliable performance and cost data needed to set goals, evaluate results, and improve performance, and the Congress will lack a potentially critical source of information to ensure the validity and reasonableness of the agency's goals and strategies, as well as to identify factors affecting performance.

In conclusion, Madam Chairman, the inefficiencies and ineffectiveness of the Forest Service's decision-making, combined with the agency's

⁷Critique of Land Management Planning, Vol.2, National Forest Planning: Searching for a Common Vision, Forest Service (FS-453, June 1990).

reluctance to change, give urgency to implementing the Results Act. The agency's plan should provide the starting point for establishing the measures and annual target levels to be used in assessing the Forest Service's progress toward achieving strategic goals. However, the draft plan's silence on the Forest Service's rationale for its strategic goals, its management approach, and the likely effects of its policy choices on multiple uses on the national forests has contributed to a stalemate on the agency's strategic goals which threatens successful implementation of this landmark legislation.

Madam Chairman, this concludes my prepared statement. We will be pleased to respond to any questions that you or Members of the Subcommittee may have.

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