

The Cultural Policy Studies Project

September 23, 1997

WARNING: EXPECT BAD RESULTS FROM THE RESULTS ACT WITHOUT CONGRESSIONAL OVERSIGHT

Angela Antonelli¹
Deputy Director, Economic Policy Studies

Geoffrey Freeman
Research Assistant

Why worry about results? Nobody seems to
care as long as we spend the money.

—Statement given by one federal manager²

Too many federal agencies do not know and cannot articulate in plain English the reason they exist. This disturbing status report sums up the early stages of implementation of the 1993 Government Performance and Results Act.³ Commonly referred to as the Results Act, the law requires federal agencies to submit strategic plans to Congress by September 30, 1997, that clearly specify their missions and goals.

- 1 The authors would like to thank their Heritage Foundation colleagues Robert E. Moffit, Deputy Director for Domestic Policy Studies, and Mark Wilson, Rebecca Lukens Fellow in Labor Policy, for contributions to this study.
- 2 Majority Leader Dick Armey's report is available on the Internet at <http://www.armey.house.gov/results/results2.htm>.
- 3 See U.S. General Accounting Office, *The Government Performance and Results Act: 1997 Government-wide Implementation Will Be Uneven*, GAO/GGD-97-109, June 1997.

Even though Clinton Administration rhetoric has promoted lofty reinvention ideals about the merits of a federal government that “works better and costs less,” the initial strategic plans submitted by federal agencies indicate that they lack missions and objectives, as well as ways to measure how well they are doing their jobs. These internal management deficiencies underscore the reason federal agencies are so adept at wasting the hard-earned money of American taxpayers. Yet such failings should come as no surprise. As Senator Fred Thompson (R–TN), Chairman of the Committee on Governmental Affairs, recently commented, “agencies that have had a history of poor management have had difficulty implementing the law.”⁴

Nonetheless, the Results Act can help Congress improve government management in the future. The U.S. General Accounting Office (GAO) noted that “GAO has long supported the goal setting, performance measurement, and results based accountability concepts embodied in the Results Act.... The Results Act is the cornerstone of a series of initiatives that are intended to provide a comprehensive framework for integrating program, cost and budgeting information.”⁵ As House Majority Leader Richard Armey (R–TX) observed, the Results Act enables Congress to ask the proper questions, specifically: “What’s working, what’s wasted, what makes any difference, what’s duplicative?” He added: “If we do this right, this project will help make government accountable.”⁶

A Democrat-led Congress under President Bill Clinton passed the Government Performance and Results Act in 1993 because of an increased awareness that the American public wants, and is entitled to, a less wasteful and more accountable federal government. To identify targets for reform, the Results Act established a framework for setting goals and measuring outcomes that allows Congress and taxpayers to determine easily whether federal programs are necessary and, if so, whether they are achieving their intended objectives. Unfortunately, the debut of federal agencies’ plans during the early implementation of the Results Act has been an embarrassing disaster, characterized by a torrent of questionable missions, goals, and objectives, faulty tools of measurement, and clear signs of waste and duplication. In June 1997, the GAO reported that agency plans “will not be of a consistently high quality or as useful for congressional and agency decisionmaking as they could be.”⁷

To make matters worse, most federal agencies believe the “good government” intent of the Results Act—to make the federal government more accountable and responsible to the American public—is a waste of time.⁸ Indeed, they may use the act in a far more dangerous way than wasting time or tax money. Without aggressive congressional oversight and intervention, Congress should not be surprised to discover federal agencies using their strategic plans to expand their authority and budgets and to establish priorities that are inconsistent with congressional intent.

4 Statement, Senator Fred Thompson, Chairman of the Committee on Governmental Affairs, on the Implementation of the Government Performance and Results Act, U.S. Senate, 105th Cong., 1st Sess., June 24, 1997, p. 1.

5 GAO/GGD–97–109, *op. cit.*, pp. 7 and 16.

6 Stephen Barr, “Congress Pushes Agencies on Results Act Deadline,” *The Washington Post*, June 5, 1997, p. A19.

7 GAO/GGD–97–109, *op. cit.*, p. 5.

8 *Ibid.*, p. 44.

Congress is ultimately responsible for bringing an end to this fiasco. It can do so immediately by using the requirements within the Results Act itself to implement its effective oversight of agency spending and programs. As the GAO recently stated,

Congressional involvement is critical to sustain the momentum of the Results Act implementation and to reinforce to agencies the importance that Congress places on the successful and thorough implementation of the Act.... [O]fficials in some...agencies believe Congress' interest in the Act was limited since, for example, Congress seldom asked about implementation of the Act in their agencies.⁹

Congress ultimately must exercise its authority to define in clear terms the mission and objectives of each federal agency, rather than allowing agencies to define them on their own. It must not accept strategic plans characterized by mission creep, vague objectives, and inappropriate performance measures. And, should agencies fail to carry out their approved missions or work toward their stated goals, Congress should use the power of the purse to hold agencies accountable for their performance. By failing to utilize these powers, Members of Congress will be giving federal agencies a blank check to do whatever they desire, looting the American taxpayers in the process.

WHAT THE RESULTS ACT SHOULD DO

The enemy of good management is poor information.
We need better information to effectively manage and prioritize programs.¹⁰

—House Majority Leader Dick Armey

Multiyear Strategic Agency Plans

The Results Act specifically addresses this need for reliable information. It requires federal agencies to prepare multiyear strategic plans, annual performance plans, and annual performance reports. Agencies must submit their first five-year strategic plans to Congress and the White House Office of Management and Budget (OMB) in the next few weeks—specifically, by the end of September 1997. Their strategic plans must contain the following:

- A comprehensive mission statement on the major functions and operations of the agency;
- Outcome-related goals and objectives for the major functions and operations of the agency;
- A description of how goals and objectives are to be achieved, including necessary resources;
- A stated relationship between general and annual performance goals;

⁹ *Ibid.*

¹⁰ See <http://www.armey.house.gov/results/results2.htm>.

RESULTS ACT IMPLEMENTATION TIMELINE

September 30, 1997: Agencies must submit to Congress and the OMB their five-year strategic plans. These plans must include the agency's mission statement, general goals and objectives, and the strategies that it will use to achieve those goals and objectives.

Early 1998: The OMB must submit to Congress annual government-wide performance plans (based on the agency strategic plans) as part of the President's FY 1999 budget.

Midyear 1998, after submission of the President's budget: Executive agencies must develop annual performance plans covering each program activity in their budgets. FY 1999 plans, and all subsequent submissions, should contain an agency's annual goals, the measures that the agency will use to gauge its performance in meeting those goals, and the resources the agency will need to meet the goals.

March 31, 2000: Agencies must submit annual reports on program performance for the previous fiscal year. Issued by March 31 of each year, these reports are to compare the agency's performance against its goals, summarize the findings of program evaluations completed during the year, and describe the actions needed to address any unmet goals.

- An identification of those key factors external to the agency and beyond its control that could affect the achievement of the general goals and objectives significantly;
- A description of program evaluations used in developing the strategic plan and an explanation of how these evaluations will be used in the future;
- A description of agency functions and programs that are similar to those of other agencies, including an explanation of how they will be coordinated;
- Suggested treatment of major problems of waste, fraud, and mismanagement affecting the agency and its programs;
- An evaluation of data collection systems used to implement the plan; and
- An explanation of how the agency solicited and responded to the recommendations of Congress and other stakeholders.

Annual Agency Performance Plans and Reports

In addition to the submission of initial strategic plans, the Results Act requires federal agencies to develop annual performance plans covering each program activity set forth in their budgets. The first annual performance plans, covering fiscal year (FY) 1999, are to be given to Congress after the President submits his budget in 1998. Annual performance plans are to contain:

- An agency's annual goals;
- The measures that the agency will use to gauge its performance toward meeting those goals; and
- The resources the agency will need to meet its goals.

In addition, the Results Act requires agencies to prepare annual reports on program performance for the previous fiscal year. The performance reports are to be issued by March 31 of each year; the first report, for FY 1999, to be issued by March 31, 2000.

WHAT CONGRESS CAN LEARN FROM THE DRAFT AGENCY PLANS

The potential benefits of successful Results Act implementation are significant. The strategic plans, if carefully scrutinized, will provide Congress with a comprehensive picture of the federal bureaucracy. The plans offer more information than ever before to evaluate the merits of program spending and eliminate any programs that are duplicative, wasteful, or simply not the proper function of the federal government. Congress's oversight arsenal of tools, in addition to the Results Act, includes reports from the GAO, agency inspectors general, the Congressional Budget Office (CBO), and the Congressional Research Service (CRS). Utilizing these tools will supply Congress with the kind of information it had in mind when it passed the Results Act. With a new focus on specific results, rather than intentions, federal agencies—and government in general—can be held more accountable to the taxpayers. Furthermore, because Congress and the American public will be able to determine what benefits they are getting for their money, the Results Act can be used to achieve the smallest, most efficient budget.

Potential benefits from implementing the requirements of the Results Act do not end with Congress and the taxpayer, however. Agencies, too, have something to gain. Agencies have complained in recent years that they must work under rules made by a Congress that lacks any coherent understanding of what they realistically can accomplish. The Results Act offers agencies the opportunity to demonstrate that they successfully can set and achieve their own objectives. The overwhelming failure of many agencies to create valid strategic plans, let alone meet the goals they themselves have established, however, demonstrates the absurdity of agency criticisms.

MANAGEMENT 101: EARLY LESSONS FROM DRAFT AGENCY STRATEGIC PLANS

Lesson #1: Mission Creep. Too often, agencies cannot identify their core missions.

Lesson #2: "Feel Good" Objectives. Agencies demonstrate that rational objective setting is demanding too much.

Lesson #3: Tripping Over One Another. Agencies often fail to identify and address missions and objectives duplicated by other agencies.

Lesson #4: Big Brother. Agencies will search for justification by way of having their powers increased.

Lesson #5: Taking the Easy Way Out. Agencies will tend to ignore major management deficiencies.

Lesson #6: A Smattering of Good Results. Some agencies are complying successfully with the Results Act.

Early Lessons from the Draft Agency Strategic Plans

The most disturbing problem with the federal agencies' strategic plans entails what the GAO refers to as an inability to answer the question, "What are we accomplishing?"¹¹ For example, agencies often present conflicting policy objectives. The land use objectives of the U.S. Forest Service are to promote timber sales while at the same time protecting wild life. Federal credit agencies are often expected to increase program service while reducing program costs and minimizing default rates. At the same time, these programs often are designed to provide credit to high-risk populations of people who are more likely to default on loans.¹²

Overall, most strategic plans are too broad; they fail to differentiate between outputs and outcomes; they often confuse means with ends; they do not distinguish between mandatory and discretionary goals and objectives; and they fail to address many long-standing and major management problems identified by the GAO and others. The GAO reports that these agency failures almost certainly will lead to a highly uneven government-wide implementation of the Results Act. Congress can learn some important lessons from the initial implementation of the Results Act:

LESSON #1: Mission Creep. Too often, agencies cannot identify their core missions.

Early experience with the agency strategic plans illustrates just how difficult it may be for agencies to explain concisely why they exist, in a manner that would be consistent with statutory responsibilities and congressional intent. Too often, an agency's mission statement reflects a lack of understanding of the legislative mandates in the laws it administers. Frequently an agency's grand, ever-expansive agenda creeps in. For example:

- The strategic plan of the Environmental Protection Agency (EPA) emphasizes its mission and role as a "public health organization." In the past, however, environmental statutes pointed to the EPA's role in relation to "human health and the environment." The EPA's performance measures related to such standards as air quality make sense in the latter mission. In the former, the EPA has overstated its mission. As Congress recently pointed out, the "Agency has taken responsibility for far more than lies within its influence."¹³
- The Department of Housing and Urban Development (HUD) identified as one of its two key missions "restoring the public trust by achieving and demonstrating competence." As the GAO points out, this "does not define the agency's basic purpose or focus on its core programs."¹⁴

11 Stephen Barr, "Agencies Are Having Difficulty Measuring Success, GAO Finds," *The Washington Post*, June 3, 1997, p. A17.

12 GAO/GGD-97-109, *op. cit.*, p. 57.

13 Letter to the Honorable Carol Browner, Administrator, Environmental Protection Agency, from Representatives Thomas Bliley (R-VA), Chairman, House Commerce Committee; F. James Sensenbrenner, Jr. (R-WI), Chairman, House Science Committee; Dan Burton (R-TX), Chairman, House Committee on Government Reform and Oversight; and Bud Shuster (R-PA), Chairman, House Transportation and Infrastructure Committee, July 28, 1997, p. 3.

14 GAO, *Results Act: Observations on the Department of Housing and Urban Development's Draft Strategic Plan, B-277585*, August 8, 1997, p. 5.

- The U.S. Office of Personnel Management (OPM) defines its mission as providing “high quality services,” but, as the GAO points out, it does not “otherwise explicitly recognize certain key responsibilities, such as administering the federal employees’ retirement and health benefit system.”¹⁵
- The Department of Education’s mission statement includes “monitoring and enforcement of civil rights to ensure that the U.S. education system is accessible and fair for all students.” But the strategic plan’s goals and objectives focus more appropriately on current statutory responsibilities, such as vocational rehabilitation and adult education, and not on how the department would carry out its stated civil rights mission.¹⁶
- The mission of the Army Corps of Engineers is to promote “prosperity and democracy, and to strengthen national security” in conjunction with “responsible stewardship of its water resources infrastructure.” The U.S. government already includes Departments of Defense and State and an entire executive branch that strive to achieve the first goal. This is an example of how an agency may try to inflate its mission, enhance its current powers, and maintain its own existence long after it should have disappeared.

Congress must refuse to settle for vague or meaningless bureaucratic rhetoric from departments and agencies. If an agency wants to expand or change its mission beyond its statutory responsibilities, it will need to express this explicitly and then justify it to Congress. But, ultimately, Congress must take responsibility to establish clear, sensible, realistic, and justifiable core missions for federal departments and agencies.

LESSON #2: “Feel Good” Objectives. Agencies demonstrate that rational objective setting is demanding too much. Asking an agency to set and attain goals for itself apparently is too difficult a task to carry out objectively. A number of strategic plans submitted thus far present interesting and ill-defined goals and objectives that go well beyond the realm of what the taxpayers expect from these programs. For example:

- The Small Business Administration (SBA) lists enhancing the “quality of family life for SBA employees by forging a more dynamic and complementary link between their home life and their work life” alongside the policy objectives of minimizing waste, fraud, and abuse and demanding effective and efficient performance.¹⁷
- The U.S. Forest Service insists on judging organizational effectiveness by employee satisfaction.¹⁸ As a Washington, D.C., research foundation noted, “While many agencies are setting these types of goals, they are not results-focused and the taxpayer is not funding these programs just to have happy employees.”¹⁹

¹⁵ GAO, *Results Act: Observations on OPM's May 1997 Draft Strategic Plan*, B-277421, July 11, 1997, p. 4.

¹⁶ GAO, *Results Act: Observations on the Department of Education's June 1997 Draft Strategic Plan*, B-277444, July 18, 1997, p. 12.

¹⁷ Small Business Administration, *The Small Business Administration's Six-Year Strategic Plan, Draft*, March 5, 1997, p. 18.

¹⁸ Available on the Internet at <http://server.conginst.org/conginst/results/>.

¹⁹ Congressional Institute, “The Results Act,” Washington, D.C., n.d., p. 3. Also available on the Internet at <http://www.conginst.org/results/>.

- The Department of Labor (DOL) establishes as a goal—and would spend taxpayer money on—increasing positive media coverage.²⁰
- One of the National Park Service’s goals is that, by 2002, 60 percent of park visitors understand the purpose and significance of the park they are visiting.²¹
- The EPA proposes to “reduce transboundary threats...consistent with our trust responsibility to tribes” and to reduce pollutants “by improved cultural practices, enhance public education.”²²
- The OPM lists as an objective the desire to “provide government-wide leadership via Personnel Automation Council for the development and application of HRM automation technology, with immediate focus on the conversion of paper official personnel folders to electronic medium.”²³
- One of HUD’s objectives is to “empower communities to meet local needs.” Evidently, HUD believes that the federal government thinks it knows better than local communities what they need.²⁴

Congress and the Administration must work with the agencies to help them establish outcome-oriented, measurable, and realistic goals and objectives that are tied closely to their mission statements.

LESSON #3: Tripping Over One Another. Agencies often fail to identify and address missions and objectives duplicated by other agencies. Obvious examples of duplication and redundancy of missions and goals abound across the agencies’ strategic plans. Individual agencies have no incentive to look at what other agencies are doing, identify duplication, and suggest ways to eliminate it. As the GAO notes, many programs—food safety, employment training, early childhood development, at-risk and delinquent youth programs, federal land management, and national laboratories—have significant overlap and fragmentation.²⁵ Initial agency strategic plans amplify this problem.

- Among the four themes the Secretary of Agriculture identified as strategic goals for the policies and programs of the Department of Agriculture (USDA) is one to “Provide sensible management of our natural resources.”²⁶ As laudable as this goal may be, the Departments of Interior, Energy, Commerce, and Transportation, the EPA, and the National Science Foundation speak of the same objective. Similarly, the USDA’s role in ensuring a safe food supply is shared by such agencies as the Food and Drug Administration and the Centers for Disease Control; yet the USDA does not acknowledge this fact.²⁷

20 Available on the Internet at <http://server.conginst.org/conginst/results/>.

21 *Ibid.*

22 Letter to the Honorable Carol Browner, *op. cit.*, p. 3.

23 GAO, *Results Act: Observations on OPM’s Draft Strategic Plan*, GAO/GGD-97-150R, p. 9.

24 GAO, *Results Act: Observations on HUD’s Draft Strategic Plan*, GAO/RCED-97-224R, p. 7.

25 GAO/GGD-97-109, *op. cit.*, p. 52.

26 The Executive Summary of the Department of Agriculture’s strategic plan can be seen at <http://server.conginst.org/conginst/results/>.

27 GAO, *Results Act: Observations on USDA’s Draft Strategic Plan*, GAO/RCED-97-196R, p. 9.

- The Department of Transportation (DOT) speaks of increasing literacy through technology development, improving early learning and preschool education, and mitigating youth violence.²⁸ At what point in time the DOT became a crime-fighting/educational institution is currently not known.
- The Department of Veterans Affairs (VA) and the DOL both include programs for the education of veterans. In addition, the VA and HUD discuss similar housing programs for veterans.
- The Department of Commerce's natural resources responsibilities overlap with the Departments of Agriculture, the Interior, State, and Transportation, the EPA, and three independent agencies. Its commerce and housing credit programs overlap with the USDA, HUD, and the Department of the Treasury, the General Services Administration, the SBA, the Library of Congress, and ten independent agencies.²⁹
- Food safety is addressed by 16 different agencies, including the Departments of Health and Human Services and Agriculture.
- The Treasury lists as an objective to "disrupt and dismantle drug smuggling operations" and indicates that it would "continue participation in productive Federal, state and local anti-drug task forces." No mention is made of how Treasury would coordinate across bureaus or even other federal agencies with similar responsibilities. More than \$16 billion a year scattered across 70 different programs in 57 different departments and agencies is spent fighting illegal drug use.³⁰
- Taxpayers spend \$20 billion a year for 163 job-training programs³¹ that are administered by 15 different federal agencies.³²
- There are 342 economic development programs managed by 13 agencies with little or no coordination.³³
- Ten departments, three independent agencies, one federal commission, one presidential council, and one quasi-official agency administer 131 juvenile programs at a cost of \$4 billion a year.³⁴
- Producing and publishing statistical data on the country's economic and social makeup involves 70 different agencies within 12 Cabinet departments.³⁵

28 U.S. Department of Transportation, "A Visionary and Vigilant Department of Transportation Leading the Way to Transportation Excellence in the 21st Century," *1997 Strategic Plan, Draft for Consultation*, June 30, 1997, p.11.

29 See GAO, *Results Act: Observations on Commerce's June 1997 Draft Strategic Plan*, B-277427, June 14, 1997, p. 11.

30 GAO, *Results Act: Observations on Treasury's Draft Strategic Plan*, GAO/GGD-97-162R, p. 9.

31 This figure includes a wide variety of federal job training and education programs, from Job Corps to Pell Grants.

32 Available on the Internet at <http://armey.house.gov/results/results1.htm>.

33 *Ibid.*

34 *Ibid.*, p. 6.

35 Mark Wilson and Gareth Davis, "Accuracy, Accountability, and Public Trust: Why Congress Must Reform the Federal Statistical System," Heritage Foundation *Background* No. 1138, September 16, 1997, p. 1.

As the GAO notes,

Although federal programs have been designed for different purposes or targeted for different population groups, coordination among federal programs with related responsibilities is essential to efficiently and effectively meet national concerns. Uncoordinated programs can waste scarce funds, confuse and frustrate program customers, and limit the overall effectiveness of the federal effort.³⁶

One of the intentions of the Results Act is to highlight the places in which such duplication exists so that changes in agency goals and program functions can be accomplished. Moreover, successfully addressing the overlap and fragmentation in federal program efforts often requires congressional involvement.

LESSON #4: Big Brother. Agencies will search for justification by having their powers increased. In an effort to convince Congress of their necessity, some agencies often expand their missions into new areas, and in some cases, the potential for abuse of powers is heightened. For example:

- The DOL's Pension and Welfare Benefits Administration has set a quota on the number of individuals to be indicted over each of the next five years.³⁷ If there are not enough criminal violations to warrant those specified number of indictments, does the agency still have to meet the Administrator's "Big Brother" quota?
- The EPA has established an initiative to increase wetlands by 2005 "by at least 100,000 acres per year."³⁸ Although the EPA may have this authority, a "smaller government that costs less" is not best exemplified by taking the private property of taxpayers.
- The U.S. Fish and Wildlife Service has set as a performance measure: "By 2002, 20 threatened or endangered species are recovered and delisted under the Endangered Species Act."³⁹ This measure appears ambitious considering the fact that, over the past two decades since the act was passed, a handful of species have been recovered or delisted. In addition, critics of the current law argue that this failure has been accomplished at significant cost to personal private property rights. It is not difficult to imagine how this ambitious measure could translate into even more aggressive federal takings of private property.
- HUD offers as an example of a performance measure for its public housing program the following: "Reduce percent of vacant public housing units to X% by the Year ____."⁴⁰ Hopefully, HUD is not suggesting that the federal government

36 GAO/GGD-97-109, *op. cit.*, p. 51.

37 U.S. Department of Labor, *Pension and Welfare Benefits Administration Strategic Plan FY 1998-FY 2002, Draft*, May 1, 1997, p. 12.

38 U.S. Environmental Protection Agency, *Strategic Plan, Draft*, June 1997, p. 25.

39 U.S. Department of Interior, Fish and Wildlife Service, *Strategic Plan, Directorate Review Draft*, May 13/14, 1997; see performance goal 1.6.

40 U.S. Department of Housing and Urban Development, *Strategic Plan, Draft*, July 14, 1997, p. 18.

should try to increase the number of people in federal public housing to fill those units. Instead, calling for the demolishing of units or the selling off of property because they are vacant and not needed would seem a better performance measure.

- One of the global priority issues of the Department of State is to stabilize world population growth by 2020. Proposed indicators of success will be fertility and birth rates as well as female education levels. The strategic plan suggests that the United States play a crucial role “for the implementation of progressive population programs and related social programs” in other countries.⁴¹

If identifying missions, goals, and objectives were difficult, it would come as no surprise that developing performance measures would be more difficult. Many of the draft strategic plans do not include results-based performance measures. When they do, federal agencies are all too willing to expand their authority and budgets and set priorities in ways that are entirely inconsistent with the intent of Congress. The American public will pay a price in terms of a loss of freedom and overall economic well-being. Congress needs to make sure that the measures established are linked to clear missions and goals, and are results-based.

LESSON #5: Taking the Easy Way Out. Agencies tend to ignore major management deficiencies. Many of the agency strategic plans simply fail to address major, long-standing management deficiencies identified by the GAO and others. Acting as their own bosses, agencies have little incentive to set the most difficult of standards. In addition, the current structure of the Results Act has made it relatively easy for agencies to avoid the most pressing concerns regarding agency management by casually mentioning or completely ignoring possible solutions. For example:

- The Department of Energy (DOE) failed to address a perennial concern regarding its questionable record in seeking competitive contracting.
- The Department of Health and Human Services failed to address the long-standing concerns about Medicare claims processing.
- The Federal Aviation Administration failed to address adequately the rising concerns over the country’s outdated air traffic control systems.
- The Treasury failed to address adequately eight major management problems identified in the GAO’s 1997 “high-risk” series of reports.⁴² These include computer security, Internal Revenue Service operations,⁴³ and the Customs Service.

41 U.S. Department of State, *Strategic Plan, Draft*, May 6, 1997, pp. 44–45.

42 The GAO’s series of high risk reports can be found on the Internet at <http://www.gao.gov/highrisk.html>.

43 GAO, “IRS Management,” GAO/HR–97–8, February 1, 1997. The GAO stated that “The efficient administration of the nation’s tax system is undermined by problems in four areas of IRS’ operations: tax systems modernization (TSM), financial management, accounts receivable, and filing fraud...these four areas were identified...as being especially vulnerable to waste, fraud, abuse, and mismanagement.”

- The SBA was vague about how it intends to correct specific problems identified by the GAO, such as losses in the agency's 7(a) loan program, losses in the liquidation of small business investment companies, the lack of adequate information for the 8(a) minority business development program, and material weaknesses in the agency's financial statements.
- The Department of Defense, while mentioning inventory management, recommended little to improve substantially the likelihood of a solution to this dated problem.
- The DOE attempted to allay concerns by assuring Congress that "eighty percent of professional staff will meet DOE Contracting Officer Certification training and experience requirements applicable to their positions by Fiscal Year 1999."⁴⁴ Amazingly, the DOE is acknowledging with this statement that more than 20 percent of its professional staff currently does not meet the requirements of their current positions and, even after the DOE achieves its stated goals, 20 percent of its staff still will not be qualified.
- Although it is a regulatory agency, the Occupational Safety and Health Administration's (OSHA) strategic plan included no mention of reducing the paperwork or record-keeping burden it imposes on businesses or any effort to ensure that its regulations generate the greatest benefit for the lowest cost. Furthermore, OSHA mentions agency compliance assistance in the context of more effective enforcement of regulations.

A key barometer of the seriousness of federal management problems is GAO's "high-risk" list. In 1990, the GAO undertook an initiative to place special emphasis on those federal program areas that it considered to be particularly vulnerable to fraud, waste, abuse, and mismanagement. The GAO has released three series of reports since 1990 and there has been an increase in the number of high-risk areas with each release.⁴⁵ Congress must ensure that addressing the problem programs is a top priority for federal departments and agencies.

LESSON #6: A Smattering of Good Results. Some agencies are complying successfully with the Results Act. The Results Act can produce some very important benefits. A smattering of agencies steadfastly focused on results and clearly spelled out, quantitatively, what they would accomplish in their strategic plans. The U.S. Coast Guard, Veterans Health Administration, and the DOT are three executive agencies that put the Results Act to good use and are saving lives in the process. Examples of this success are:

⁴⁴ U.S. Department of Energy, *Working Draft*, June 16, 1997, p. 33.

⁴⁵ The 1997 high-risk areas from the GAO studies include: Defense Financial Management, Defense Contract Management, Defense Inventory Management, Defense Weapon Systems Acquisition, Defense Infrastructure, IRS Financial Management, IRS Receivables, Filing Fraud, IRS' Tax System Modernization, Customs Service Financial Management, Asset Forfeiture Programs, FAA's Air Traffic Control Modernization, Defense's Corporate Information Management Initiative, National Weather Service's Modernization, Information Security, The Year 2000 Problem, Medicare, Supplemental Security Income, Farm Loan Programs, Student Financial Aid, Department of Housing and Urban Development, Department of Energy Contract Management, NASA Contract Management, Superfund Program Management, and the 2000 Decennial Census. GAO's reports are available on the Internet at <http://www.gao.gov/highrisk.htm/>.

- As a pilot project for the Results Act, the U.S. Coast Guard established a goal of reducing accidents in the marine towing industry. Upon discovering that most accidents were caused by human error, it moved precious resources away from inspecting vessels to job assignments in working with the maritime industry to increase training and develop voluntary guidelines. The result: a 75 percent decrease in the towing industry's fatality rate.⁴⁶
- The Veterans Health Administration studied ways it could save more lives; through a better distribution of its resources, it decreased mortality rates for cardiac procedures by 13 percent and increased pneumonia immunizations by 53 percent.⁴⁷
- The DOT followed the success of these pilot projects as it developed its own strategic plan. As an objective, the DOT said it wanted to "reduce the number and severity of road collisions." The measure of success that the DOT said it would utilize was "fatalities, injuries, and crashes per 100 million vehicle miles of travel," with an annual target of a 1 percent decrease.⁴⁸ Unlike goals submitted by most agencies, this portion of the DOT's strategic plan is focused entirely on results. Moreover, this goal is in accordance with the mission funded by the taxpayers for the National Highway and Transportation Safety Administration; and it leaves policymakers with little doubt as to whether the goal is met.
- The Social Security Administration used customer satisfaction and other performance information to identify and target program changes to improve customer service of its national toll-free telephone number by decreasing the busy rate by 15 percent and increasing the number of calls answered within five minutes by 9 percent.⁴⁹

Top-to-Bottom Review

Clearly, when departments and agencies go through this systematic top-to-bottom review of how they are managed, they often find ways to improve things. Congress has a responsibility to ensure that the Results Act is more than just a paperwork exercise. It should demand that federal agencies do the hard planning that is needed to make sure they provide the information needed if Congress and the Administration are to ensure that the end result is a smaller federal government that works better and costs less.

46 Remarks made in a presentation on the results of the Coast Guard pilot project by Carl DeMaio at The Heritage Foundation, Washington, D.C., June 7, 1997.

47 GAO/GGD-97-109, *op. cit.*, p. 8.

48 "A Visionary and Vigilant Department of Transportation," *op. cit.*, p. 10.

49 GAO/GGD-97-109, *op. cit.*, p. 8.

WHAT CONGRESS SHOULD DO

As the GAO has suggested, "Congress can use the Results Act as the centerpiece of a statutory framework to provide the vital information it needs to better make decisions."⁵⁰ In drafting the act, Congress incorporated critical lessons learned, such as the stated preference for results-oriented measures and a more explicit link between agency plans and budgets. These lessons were learned from a number of previous federal initiatives that sought to link resources with results: the Hoover Commission, President Lyndon Johnson's Performance Based Budgeting System, President Richard Nixon's Management by Objectives, and President Jimmy Carter's Zero-Based Budgeting.⁵¹

Although Members of Congress can and should use the Results Act as a valuable tool for reforming management across government, they should realize that this law never will fulfill completely its intended purposes as it is currently drafted because it rests on a faulty managerial premise. Requiring federal agencies to define their own missions is tantamount to giving the career bureaucracy an opportunity to draft a "mission statement with a future."⁵² Congress, not federal agencies, should set agency goals and clarify agency missions. It is the principal entity that should define the objectives of its agents, not the reverse. Moreover, agencies, like many individuals, will not demand the achievement of the most difficult goals. Objectives are more likely to be achieved if they are established by the highest level of authority and de-

HOW CONGRESS CAN GET BETTER RESULTS FROM THE RESULTS ACT

- (1) Congressional committees must be aggressive in reviewing and commenting on agency strategic plans, and should do so in a coordinated manner.
- (2) If the agency strategic plans continue to fail to measure up to the level required by the Results Act, Congress should send them back repeatedly until they do.
- (3) Congress should continue to use the GAO for an analysis of strategic plans.
- (4) Congress must use its power of the purse to hold all federal agencies accountable.
- (5) Ultimately, Congress must take back responsibility for establishing agency missions, objectives, and performance measures.
- (6) Congress and the President must help federal agencies develop organizational cultures that foster and maintain a focus on results at all levels.
- (7) Congress must not use the Results Act to delay making critical, short-term policy decisions.

⁵⁰ GAO, *Managing for Results: Using GPRA to Assist Congressional and Executive Branch Decisionmaking*, GAO/T-GGD-97-43, February 12, 1997, p. 11.

⁵¹ GAO/GGD-97-109, *op. cit.*, p. 30.

⁵² See Donald J. Devine and Robert E. Moffit, "Downsizing and Improving the Federal Civil Service," in Stuart M. Butler and Kim Holmes, eds., *Mandate for Leadership IV: Turning Ideas Into Actions* (Washington, D.C.: The Heritage Foundation, 1997).

manded as a *raison d'être*. Not only would these objectives be created by a less biased source, but an even greater level of accountability would result.

Success with the Results Act will require sustained commitment and attention on the part of the Congress—both in the House and in the Senate—as well as the executive branch. At this very early stage in the implementation of the Results Act, it is clear that a considerable amount of work still needs to be done. In order to reach the levels of success that many in Congress promised from the Results Act, Congress must take immediate steps to correct the limitations of the act. Specifically:

#1. Congressional committees must be aggressive in reviewing and commenting on agency strategic plans, and should do so in a coordinated manner. Although successful implementation of the Results Act is a long-term process, Congress can learn from this exercise in the short term. So long as Congress refuses to accept vague or meaningless bureaucratic rhetoric from agencies and departments, committees can use the Results Act as drafted to determine what is actually going on within these agencies. The budget, appropriations, and authorizing committees must work together to review and comment on agency plans. If an agency wants to expand its mission, it will need to say so explicitly and justify it to Congress. Congress should place a high premium on agencies' having sensible, realistic, justifiable core missions, goals, and objectives in place. The following is a checklist of questions Congress can ask to appraise the substance of each strategic plan.

- How does an agency define its mission, and is this in accordance with its statutory responsibilities?
- Do the statutory responsibilities need to be adapted to what the agency is currently doing, or has an agency achieved its original mission and therefore become obsolete?
- Could the private sector achieve this mission better, or does any part of this mission compete with something the private sector is already doing?
- Could state and local officials manage these services in a manner that better suits the needs of their citizens?
- What objectives does an agency believe it should be achieving, and which, if any, are valid?
- Are these objectives results-based, and are the results acceptable?
- Does duplication currently exist? If so, which federal agency is specifically chartered with the responsibility or activity in question?
- Does the agency list specific and tangible strategies for obtaining its stated goals, or does Congress need to focus on this aspect as well?
- Do outcome results match realistic expectations, or do the standards of achievement need to be altered?
- Has the agency demonstrated an ability to track data accurately in the past (data that eventually will be used to determine if the agency is meeting its goals)?
- Is there any specific mention of how the agency can save taxpayer dollars?

- Do the agency's objectives and goals run counter to effective state program initiatives?

Whether it is through action or its inaction, Congress will have to give its approval to these agency strategic plans. Lack of congressional action is tacit approval of an agency's strategic plan. If an agency receives Congress's approval by such inaction, it will have succeeded in using these plans as another tool to justify the expansion of its budget and authority, and, consequently, it will use the plans against Congress in the future to justify additional activities.

#2. If the agency's strategic plans continue to fail to measure up to the level required by the Results Act, Congress should send them back repeatedly until they do. Congress must refuse to accept vague or meaningless rhetoric from agencies and departments. If it tolerates such language, it only will give agencies the ability to justify their ever-growing authority and budgets in the future. Congress has the responsibility to make sure that federal agencies are meeting their statutory responsibilities under the Results Act. Every department also must develop a comprehensive strategic plan to show how all subagency functions fit together.

#3. Congress should continue to use the GAO for an analysis of strategic plans. The GAO already has played an important role in helping Congress review and analyze the initial drafts of agency strategic plans.⁵³ Once the final plans are submitted (on or before September 30, 1997), the GAO can look at the larger organizational picture to develop a matrix highlighting the goals, mission, objectives, and performance measures of all federal agencies. With this information in hand, Congress then can subject the entire federal government to the managerial equivalent of a CAT scan to identify and remove surgically waste and duplication among the agencies. In-depth, comparative GAO analyses would enable Congress to make more effective determinations about functions that are no longer within the appropriate role of the federal government. It would be able to single out the programs that should be turned over to the states, privatized, or terminated altogether.

#4. Congress must use its power of the purse to hold all federal agencies accountable. If Americans understood the dismal performance of agencies in developing strategic plans thus far, they would be upset about the recent budget deal increasing federal spending by an average of 3.1 percent over the next five years. They would be even more upset considering the fact that many of the worst-performing agencies will receive the largest budget increases in FY 1998, including the Departments of Commerce, Labor, Interior, and Energy.

The Results Act is the most recent reform initiative intended to link spending decisions more closely with expected results. Quite simply, if an agency is not able to meet its agreed-upon performance targets, Congress can hit the agency where it hurts—in the pocketbook. A business does not reward an employee for poor performance; it is more likely to demote or fire the employee. Congress should respond to federal agencies in precisely the same way. Because Congress does not have the information to de-

53 GAO's Results Act reports are available at <http://www.gao.gov>.

termine the places in which cuts would be justified, it leaves this decision to each agency—a problem if Congress had intended to reduce the agency’s budget. Not surprisingly, rather than reducing wasteful and ineffective programs, an agency usually will claim that the reductions must come from critical or publicly popular programs—like the national park system. Therefore, linking agencies’ performance plans directly with the budget process is vitally important to the success of the Results Act. Congress and the executive branch need to work together, and as quickly and effectively as possible, to make the necessary changes that would allow a budget’s program activity structure to be tied directly to a results-oriented performance framework.

#5. Ultimately, Congress must take back responsibility for establishing agency missions, objectives, and performance measures. The old saying that inmates never will successfully run their own asylum has some truth to it. The most important thing that Congress must realize is that, no matter how hard they try or how much time and effort it would save, federal agencies cannot accomplish the goals of the Results Act without congressional oversight. It is in the interest of an agency to maintain its employees and, more importantly, its existence. It is in the interest of the Administration to use an agency to help achieve its political goals. It is the responsibility of Congress to balance these interests by defining what agencies will accomplish, how they will reach those ends, and what resources will be available along the way.

Clearly, the Results Act does not create this desired association between agencies and Congress. Therefore, lawmakers must amend the law to create a relationship whereby Congress is responsible for establishing missions, setting objectives, and determining results, and agencies are responsible for carrying out the intent of Congress.

#6. Congress and the President must help federal agencies develop organizational cultures that foster and maintain a focus on results at all levels. A recent GAO survey of federal managers concluded that “top agency leadership is not fully committed to results-oriented management.”⁵⁴ The GAO goes on to suggest that “Without top leadership making its commitment to results-oriented management clear, the Results Act risks the danger that all management reforms face: becoming a hollow, paper-driven exercise.”⁵⁵ Congress and the President need to work to change the culture of federal agencies so that there is a commitment to result-oriented management, and it is demonstrated clearly. This can be done by putting in place incentives to recognize and reward managers for achieving positive results, and by providing the necessary training for managers in how to achieve the intended results.

#7. Finally, Congress must not use the Results Act to delay making critical, short-term policy decisions. The Results Act is a longer-term tool for creating a smaller federal government that works better and costs less. If Congress is confronted with an important, controversial policy issue, however, such as the EPA’s new Clean Air Act standards on particulate matter and ozone, it should address the merits of the issue promptly. Congress should not avoid debate, and it should not use the Results Act as an excuse to put off discussion. For example, a considerable body of research strongly

⁵⁴ GAO/GGD-97-109, *op. cit.*, p. 76.

⁵⁵ *Ibid.*, p. 77.

suggests that the EPA's new air quality standards are not scientifically justifiable and will impose huge costs on the U.S. economy. By choosing to follow a "wait-and-see" attitude, Congress only is condoning the further squandering of the hard-earned income of many Americans for several more years in the hope that the EPA will determine eventually and objectively what the public already knows—that the policy will be a failure. Congress, which should take immediate steps to stop the implementation of these new standards, never should use the Results Act to avoid difficult decisions and allow agencies to move forward with bad policies that are inconsistent with its intent.

CONCLUSION

If the federal government were a business, it would have declared bankruptcy long ago. Without a clear mission, goals and objectives, and strategy, a business cannot compete. The Results Act offers Congress and the Administration another tool in its oversight arsenal to make government smaller, less costly, and more responsive. It offers Congress the opportunity to subject the entire government to the equivalent of a managerial CAT scan, and to identify and remove waste and duplication surgically. To no one's surprise, absent strong oversight by Congress, federal agencies are likely to use their strategic plans to expand their authority and budgets and to establish priorities entirely inconsistent with the intent of Congress. Congress and the Administration should take the time to implement the Results Act as if they were a business implementing good business practices.

Should an agency fail to achieve the standards that Congress has set, committees of jurisdiction must fulfill their responsibilities by coordinating with the budget and appropriations committees to exercise the power of the purse. It is exactly this form of appropriately designed top-down management that finally will achieve the outcome for which the original Government Performance and Results Act of 1993 only could wish: a smaller federal government that works better and costs less.

HERITAGE STUDIES ON LINE

Heritage Foundation studies are available electronically at several online locations.

*On the Internet, The Heritage Foundation's home page on the World Wide Web is **www.heritage.org**.*

Bookmark this site and visit it daily for the latest information.