



# The Performance Institute

## **Congress Must Engage Before Full Results Can be Demonstrated from GPRA**

*Testimony Before the House Government Reform and Oversight Committee  
Subcommittee on Government Efficiency and Financial Management  
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Mr. Chairman, members of the subcommittee, I appreciate the opportunity to be here this afternoon. My name is Carl DeMaio, and I am the president and founder of The Performance Institute, a private, nonpartisan think tank that focuses on reforming government through the principles of performance, transparency, competition, and accountability. The Institute has extensive expertise in the area of government performance management, working with tens of thousands of federal, state and local government managers every year to improve the performance of their programs and agencies.

The Government Performance & Results Act of 1993 was and continues to be a critically important statute guiding federal managers and employees in the continual pursuit for better results and more transparent governance. As a statute, GPRA has done its job. It got the ball rolling on an era where planning is strategic, performance is measured, budgeting is results-oriented, and management is results-driven.

The General Accounting Office report that prompted this hearing – *Results-Oriented Government: GPRA Has Established a Solid Foundation for Achieving Greater Results* (GAO-04-38) – provides a comprehensive look at the evolution of GPRA and its affect on agency and program management. It describes a government that is more focused on outcomes and aligned to outcome measures because of the statutory requirements of GPRA.

As a whole, the federal government has come a long way. But the reality is that the full potential of GPRA has not yet been reached. Some of the management challenges exposed by GPRA back in 1993 are still holding back some programs and agencies. Those barriers, and the expected \$500 billion budget deficit facing our government for Fiscal Year 2005, reinforce the need for increased Congressional attention to the way the federal government does business. Congressional oversight – Congressional *engagement* – is needed.

Taxpayers are demanding accountability, and no doubt, that demand is justified! They want to see results for their tax dollars and as their representatives in this room, it's up to you to make sure they see those results.

## Hurdles to Fulfilling GPRA's Promise

Some of the challenges rampant in the early days of GPRA still linger in some federal government programs and agencies today. They include:

- **Poor Outcome Measures:** GPRA has lacked a focus on outcome-oriented measures – measures that asked what results were achieved instead of what work was done for those results. Without outcome measures, we might know that programs' wheels are definitely spinning, but can't tell if the car is going anywhere... let alone in the right direction.
- **Too Many Measures:** With an absence of outcome-oriented performance measures, the emphasis has been placed entirely on the work that is done – the processes. Agencies often develop a litany of activity-oriented performance measures that focused on the work being done by front-line employees and not the mission-aligned results generated by the program. Those measures are often then used in decisions on funding, resource allocation and goal attainment in the absence of true outcome measures.
- **No Coordination or Common Measures among Similar Programs:** Across our government, we often have several programs performing similar activities, addressing similar issues, and thus facing similar challenges. There has been a severe lack of coordination and an absence of "common" performance measures, leaving programs with similar missions and customer bases alone in their attempts to improve performance. Instead of sharing their innovations, they idle with their frustrations. GPRA failed to lay a foundation for coordination of measures.
- **Limited Linkage to Budget:** The lack of outcome-oriented measures has made it difficult for budget requests to be integrated with performance data, despite that integration being one of the original aims of GPRA. Essentially useless measures can't be used to make management decisions, and therefore, can't be reflected in the budget. With the Program Assessment Rating Tool and the President's Management Agenda, we have seen a stronger link between budget and performance because of the demand that performance measures be outcome-oriented.
- **Limited Linkage to Personnel Systems:** GPRA did not create a strong link between organizational mission and the individual work of employees and managers. Rarely could we see the connection between the goals of a member of the Senior Executive Service and the goals of an individual employee because most employees lacked strategic-level goals and measures communicated down throughout the organization. Thus the full impact of activities and expenditures on mission-aligned program results often can not be accurately measured.
- **Limited Linkage to Contracts/Grants:** Numerous agencies and departments rely on contracts and grants for their business purposes. The idea of a "performance-based grant" or "performance-based contract" is not new, however GPRA provided little guidance to see the importance of those crucial elements. Without contracts and grants that are truly performance-based, mission-aligned accountability ends just beyond an agency's front door.

## The President's Management Agenda: A Shot in the Arm

Attention paid to GPRA has risen tremendously since the debut of the President's Management Agenda, or "PMA," in 2001. Administered by the Office of Management and Budget, the PMA has sought to overhaul the way the federal government is managed by focusing innovation on five key areas of administration: budget/performance integration, improved financial management, strategic management of human capital, competitive sourcing, and citizen-centered e-government.

The budget/performance integration initiative has resulted in a significant change in the way program and agency budgets are written and submitted to the White House and to Congress. At the center of the Administration's approach to "performance budgeting" is the Program Assessment Rating Tool (PART). The PART is a methodological, standardized and evidence-based evaluation - offering hard data on whether federal programs are doing what taxpayers are paying for them to do and assessing whether they are being managed properly.

It investigates the most important aspects of performance... from relevance to results. By focusing on these various characteristics, managers can paint an in-depth picture of just what exactly they are achieving, or if they are achieving anything at all! The results are presented by OMB as four different percentages (one for each section of the PART) and as a categorical assessment ("Effective," "Moderately Effective," "Adequate," "Ineffective" or "Results Not Demonstrated").

Largely attributable to the clear commitment from OMB and the anticipated impact on the budget, many federal managers have taken note of the PART and made substantial efforts to improve their use of performance management. One of the most vivid indicators of the growth in government-wide buy-in to the PART process is the side-by-side analysis of the categorical ratings assigned by OMB to each program between FY 2004 and FY 2005.

Examiners have only five options: "Effective," "Moderately Effective," "Adequate," "Ineffective," and "Results Not Demonstrated." Between FY 2004 and FY 2005, the following changes were seen:

- The percentage of programs rated as "Effective" increased from 6 percent to 11.28 percent.
- The percentage of programs rated as "Moderately Effective" increased from 24 percent to 26.32 percent.
- The percentage of programs rated as "Adequate" increased from 14.5 percent to 20.55 percent.
- The percentage of programs rated as "Inadequate" decreased from just 5.1 percent to 4.76 percent.
- And the percentage of programs rated as "Results Not Demonstrated" decreased from 50.4 percent to 37.09 percent.

The chief difference between the FY04 and FY05 PART evaluations is an added emphasis on the use of performance measures in the planning and management sections. OMB's call for outcome-oriented performance measures and efficiency measures illustrate a commitment to improving performance while using cost-effective procedures. By including a section on performance measures, OMB is sending the message that performance measures, as well as goals, are essential in the planning process for any program in government. OMB's decision to move questions about budget-performance integration from the Management section to the Strategic Planning section conveyed a message that performance measures need be developed in conjunction with our strategic goals, and be a driving force behind our resource allocation and tracking of output production.

The focus on performance measures also elevates the discussion on programs that are rated as "Results Not Demonstrated". As demonstrated by the FY05 PART results, programs that have overall high scores can still receive a "Results Not Demonstrated" if there is an absence of long-term performance measures. The absence of long-term measures illustrate that programs cannot effectively plan and allocate resources for continuous goal improvement and performance improvement and are not in line with the overall strategic plan of the program.

Some managers complain that PART is merely another mandate that has been applied on top of the already existing GPRA performance management requirements and the initiatives contained in the President's Management Agenda. This interpretation is misinformed and fails to recognize the entwined relationship between GPRA, the PMA and the PART.

GPRA is the statutory requirement that agencies plan, measure, manage and budget for results. PMA is the Bush Administration's commitment to implementing the PMA through the "Budget-Performance" integration goal. Finally, the PART is best seen as a "quality control" assessment tool to evaluate implementation of GPRA on a program-specific basis and fulfill the promise of the PMA.

For years, GPRA generated little more than voluminous documents—strategic plans, performance measurements, performance reports, etc. Indeed, over 16,000 pages of GPRA performance planning documents were generated in FY 2002. With the PART process, programs are paring down their performance measures to the vital few – three to five measures per program in most cases. Moreover, the measures are being reviewed and improved through the OMB/agency dialogue process. Ideally, Congress will engage in the PART process and add its views on how GPRA performance measures can be improved.

## Next Steps for Congressional Engagement

Legislating management reform is the most important step Congress can take right now to ensure the momentum started by GPRA and accelerated by the President's Management Agenda.

- **Consult with Agencies and Programs on their Strategic Plans:** The backbone of GPRA is its requirement of outcome-oriented performance measures that tie into long-term strategic plans to guide agency and program activities. By consulting with agency staff on the creation of these strategic plans, Congress can ensure those plans include efficient and useful performance measures that can later be used by Congress to gauge results and to better inform appropriations and budgetary decisions.

Being a part of the effort to identify the most useful measures will dramatically improve Congress' ability to hold program managers and agency officials accountable for their performance and results. Those measures should then be codified in statute or committee reporting by Congress to mandate adherence.

- **Institutionalize the Program Assessment Rating Tool and its Successors:** Introduced just two years ago by the White House Office of Management and Budget, the Program Assessment Rating Tool (PART) has proven its immense potential for improving the results of federal programs. The PART is a systematic, methodological and evidence-based evaluation system that assesses program results and program management. While the PART was borne of a Bush Administration initiative, it need not bear the burden of political affiliation with one particular administration. Tools like the PART can be helpful in wading through data to find a vital few outcome-oriented measures of program and activity performance.

In February, the Program Assessment and Results Act was introduced by the chairman of this subcommittee in order to codify the progress made by the Executive Branch and ensure its momentum continues through the November elections. The Act would require the Office of Management and Budget to conduct a complete evaluation of each program at least once every five years and more frequently as necessary. Such legislation mandates program assessment, and not merely the Program Assessment Rating Tool. This is an appropriate tact to take in that it allows future directors of the Office of Management and Budget to decide for themselves what evaluation system is best, while fulfilling the Congressional requirement for performance review.

- **Create a Congressional Office of Program Performance:** Congress can help improve the integrity of OMB program reviews by creating a Congressional Office of Program Performance (COPP) that would "peer-review" the OMB ratings. In addition, the COPP would conduct its own program performance reviews based on member and committee requests. The COPP

would help Congress sort through the reams of performance plans, reports and budget justifications that pour into Hill offices during the budget process.

By peer-reviewing OMB's ratings and conducting some of its own reviews, the COPP can help provide a much-needed balance to the Administration's assessment of a program. In doing so, a healthy "Good Cop/Bad Cop" dynamic would be created for programs where differing political views drive differing conclusions regarding program effectiveness. While politics might drive some elements of the assessment on a program, having an assessment capacity in both branches will make these political differences more transparent and provide opportunity for an informed and healthy debate on program effectiveness.

To avoid the creation of a new Congressional bureaucracy, the COPP would be staffed jointly by the General Accounting Office (providing program performance information) and the Congressional Budget Office (providing program cost and budget information.) A joint House/Senate committee composed of members from the appropriations, budget and oversight committees would be created to select which programs would be reviewed each year—with each chamber and political party having an opportunity to select programs for review.

Should you like to discuss any of our recommendations further, I and the director of The Performance Institute's Center for Government Performance, Jeffrey Bergin, stand ready to help you and your staff. We look forward to supporting the committee's efforts to improve the way the federal government is managed.

Thank you.

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*The Performance Institute is a private think tank seeking to improve government performance through the principles of competition, accountability, performance and transparency. The Institute serves as the nation's leading authority and repository on performance-based management practices for government. Its mission is to identify, study and disseminate the leading management innovations pioneered by "best-in-class" organizations.*

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