Statement of

Robert Shea
Principal
Grant Thornton LLP

before the

Committee on the Budget
United States Senate

March 16, 2011

For more information, contact:
Robert Shea
(703) 637-2780
Robert.Shea@gt.com

Thank you for inviting me to testify this afternoon.

My name is Robert Shea and I am a Principal of Grant Thornton LLP, one of the six global audit tax and advisory organizations. I work in Grant Thornton's Global Public Sector (GPS), based in Alexandria, Virginia. Our mission is to provide responsive and innovative financial, performance management, and systems solutions to governments and international organizations. Grant Thornton GPS provides expert performance management advice to major federal departments and agencies, as well as to state and local governments.

I applaud the Congress and the President for enacting the Government Performance and Results Modernization Act of 2010. This new law enhances the tools we have to improve the government's performance — measurable results achieved on behalf of the American people. The GPRA Modernization Act of 2010 takes great steps to help agencies improve their performance through:

1) The establishment of the Performance Improvement Officer;
2) The requirement for greater transparency in reporting;
3) The focus on practical use of performance information; and
4) The attention to data completeness and reliability.

If we want to make genuine strides in this area — performance improvement — Congress and the executive branch must demand valuable, outcome-oriented performance data and make use of it in their decision-making. Agencies must view stakeholder consultation as a genuine source of feedback, thereby enlisting them in the quest to improve. Perhaps most importantly, Congress and the executive branch should appoint leaders who understand the power of performance information and have experience using it to transform organizations.

GPRA laid a foundation for outcome-oriented government

Enactment of GPRA in 1993 was a key milestone in the transition of government from one that measures activities or outputs to one that measures outcomes and evaluates impact. We've come a long way from satisfying ourselves with measuring things like number of regulations issued or grants made. Today, more often than not, it is clear what outcomes agencies are trying to achieve and how they will measure success along the way. Although it may seem obvious, traditionally agencies have had difficulty setting ambitious outcome-oriented goals — either because measuring outcomes is hard and requires coordination across multiple programs or departments, or because being accountable for difficult-to-achieve outcomes is scary.

Early in the implementation of GPRA, these concepts were unknown to government agencies. For many, they are still difficult to grasp. As a refresher: *outputs* are the deliverables produced by programs, while *outcomes* are the important results (or impacts) these deliverables achieve. The National Highway Transportation Safety Administration, for instance, issues grants, but its success is measured by how many fewer people die in automobile accidents each year.

Despite the progress made as a result of GPRA, not enough of our time in government is focused on assessing whether goals are being achieved and, if not, what to do about it. Congress and the Executive Branch are focused more often on policy or politics, rather than on the sometimes tedious, yet important work of managing and monitoring program progress. This reality frustrates agency and department leadership producing reports, data, and analysis, because it means they invest considerable time, energy, and money on information no one will use.

Agencies, Congress, and the Administration must use performance information

Using performance information in decision-making does not come naturally to the federal government but responding to crises and debating policies and budgets do. However, our deliberations would benefit from the use of performance information. As resources grow scarcer, performance information should be used in the budget process to ensure investments have the greatest impact. Performance information should also be used in the authorization and oversight process to hold programs and agencies accountable. Further, performance information is useful in assessing and improving government contracts, grants, and personnel. There is no limit to the use of reliable performance information given that federal agencies have been collecting and reporting on some form of performance information for the better part of a decade.

The GPRA Modernization Act of 2010 rightly focuses on the responsibility of top leadership — the President, the Office of Management and Budget, agency heads, and the Chief Operating Officers — to set strategy and articulate goals. However, the law also makes it clear that agencies are responsible for using data to manage and report the data in a transparent manner for public consumption. The Senate report on the bill describes one of the relevant provisions: "This section also requires that, at each agency, the head of the agency and the agency's COO [Chief Operating Officer], with the support of the agency PIO [Performance Improvement Officer], conduct an analogous quarterly review to review priority goals with the appropriate goal leaders."[1] This quarterly review process can greatly improve agency attention to performance, although this simple requirement is not enough.

According to a 2007 survey of federal managers, the Government Accountability Office concluded that "despite having more performance measures, the extent to which managers make use of this information to improve performance has remained relatively unchanged."[2] Having a meeting to discuss progress is no guarantee that sufficient actions will be taken to improve performance. Agencies and their stakeholders, including Congress and the Office of Management and Budget, need a disciplined approach to ensure clear, concrete improvement actions are identified, and further, that individuals are held accountable for implementing them.

Measuring progress toward outcomes often spans many years. The GPRA Modernization Act reminds agencies that they must clearly describe how performance goals contribute to the achievement of long-term, outcome-oriented strategic goals. The candid reporting of progress on these interim goals will give stakeholders a better idea of what progress is being made in the absence of more timely, outcome-oriented performance information. It is critical, however, that agencies provide the information in a form tailored to their specific stakeholders.

---

[1] Report of the Committee on Homeland Security and Governmental Affairs, United States Senate; *GPRA Modernization Act of 2010*; Senate Report 111–372; 111th Congress, 2nd Session; December 16, 2010; at 17 (http://www.gpo.gov/fdsys/pkg/CRPT-111srpt372/pdf/CRPT-111srpt372.pdf).

[2] Government Accountability Office; *Government Performance: Lessons Learned for the Next Administration on Using Performance Information to Improve Results;* Testimony of Bernice Steinhardt; Report Number GAO-08-1026T; July 24, 2008 (http://www.gao.gov/new.items/d081026t.pdf).

The requirement for quarterly meetings and enhanced, transparent reporting will not guarantee that agencies adopt a more robust approach to performance management. If Congress and the Administration do not demonstrate a commitment to understanding and using the information provided, agencies will demonstrate compliance with these new requirements but miss the constructive benefits of meaningful performance management practices.

When I was Associate Director at the Office of Management and Budget, the Bush Administration was criticized for lack of consultation with Congress when it came to performance management. Despite my belief that we had taken substantial efforts to engage Congress, I was committed to doing more. So we asked each agency to engage their relevant appropriations, authorization, and oversight committees in a discussion of their performance. Agencies reported a lack of meaningful consultation resulting from this exercise. This finding emphasizes the need for Congress and agencies to meet half way. Congress needs to show a commitment to using performance information to a greater degree in its deliberations and engage agencies in the development of more meaningful performance reports. Agencies must also engage Congress and other stakeholders early and often in the performance management process.

One of the widest gaps in the use of performance information today is in the budget process. Resource allocation often suffers from an inability to justify budget requests with robust data about what taxpayers will get for the proposed investment. Since enactment of GPRA, integration of performance information in the President's and agencies' budget requests has improved. However, it's often an afterthought, using performance information to justify the request *after* decisions have been made, rather than using the information to make tradeoffs among competing programs or initiatives. I can't imagine a better committee than this one to take the lead on assessing and improving the extent to which agencies, the President, and Congress are using performance information to allocate scarce resources.

The executive branch shares a responsibility not only to demand clear and useful performance information, but also to ensure agencies are collaborating with their stakeholders and each other to reduce redundancies, increase efficient delivery of program outcomes, and improve their collective performance. The President, in his State of the Union Address, mentioned the 12 different agencies that deal with exports and the five that deal with housing policy. That complexity is just the tip of the iceberg. The Government Accountability Office (GAO) has a long history of pointing out the lack of coordination among the many duplicative program areas,[3] and its most recent report puts in sharp relief the magnitude of duplication and overlap among federal programs and agencies.[4] I am not optimistic that the fundamental reorganization of government the President eventually proposes will be successful, but I do believe the GPRA Modernization Act provides a promising framework for improving the coordination among like programs. For example, the bill:

---

[3] See Government Accountability Office, *Managing for Results: Barriers to Interagency Coordination*; March 2000, Report Number GAO/GGD-00-106 (http://www.gao.gov/archive/2000/gg00106.pdf).

[4] See Government Accountability Office; *Opportunities to Reduce Potential Duplication in Government Programs, Save Tax Dollars, and Enhance Revenue;* March 2011; Report Number GAO-11-318SP (www.gao.gov/new.items/d11318sp.pdf).

- Charges the Performance Improvement Council with resolving specific governmentwide or crosscutting performance issues;
- Requires that the Federal Government Performance Plan include governmentwide goals and inventory the multiply agencies or programs that contribute to their achievement; and
- Asks the Government Accountability Office to assess implementation of, among other things, the Federal Government performance plan and priority goals requirements.

Provided Congress takes an active role ensuring their implementation, these requirements can be powerful incentives to improve coordination among duplicative programs.

Importance of accurate data

The GPRA Modernization Act enhances the requirement to ensure that publicly reported data is accurate. While encouraging greater use of performance, I caution you to be attentive to the practices in place to ensure the integrity of the information you and other stakeholders are provided. As Congress, the Obama Administration, and agencies move to use performance information in more meaningful ways — including guiding resource allocation decisions — assurance that performance data is reliable and verifiable is more critical than ever. Making decisions using unreliable data is worse than not using the data at all. Federal programs are complex and implemented with a wide diversity of personnel and partners. Getting consistent, accurate data from so many players is a challenge. Data need not be perfect, but agencies must ensure that performance information represents valid measures of a program's performance combined with accurate, complete, verifiable, and consistent data.

The promise of rigorous independent program evaluation

Although use of performance information in day-to-day (or quarter-to-quarter) management is important, programs sometimes require a more rigorous evaluation to ensure they are having the intended impact. To prove a program is working, rigorous, random, and controlled independent evaluations can isolate the impact a program is having from other factors. A recent OMB Memorandum characterized the value of such evaluations:

> *Rigorous, independent program evaluations can be a key resource in determining whether government programs are achieving their intended outcomes as well as possible and at the lowest possible cost. Evaluations can help policymakers and agency managers strengthen the design and operation of programs. Ultimately, evaluations can help the Administration determine how to spend taxpayer dollars effectively and efficiently — investing more in what works and less in what does not.*[5]

This evaluation initiative promises to expand vastly the body of evidence we have with which to judge what works and what doesn't. Many programs, when subjected to rigorous evaluation methodologies, will not live up to their promise. Without such evidence, however, programs are implemented blindly without knowing their intended impact. Only with such evidence can you begin to adjust programs to increase their chance of success. Such evidence may also provide a more legitimate basis for eliminating those programs that aren't working. When a rigorous

[5] Office of Management and Budget; MEMORANDUM FOR THE HEADS OF EXECUTIVE DEPARTMENTS AND AGENCIES: Increased Emphasis on Program Evaluations; October 7, 2009; M-10-01.

evaluation reveals that a program is having a significant impact, these revelations should get your attention. Replicating that success should be a primary focus of the program, the agency, Congress, and the Obama Administration. The more evaluations we conduct, the more evidence we have of what's working. The more evidence we have of what's working, the more we can allocate tax dollars to the greatest benefit.

Leadership

Perhaps the most critical element in an organization's success, and one that certainly cannot be legislated, is leadership. In my experience, the key difference between a successful and less-than-successful organization is the quality of its leaders. Leaders who understand the difference between what is urgent and what is important can keep organizations from getting distracted and instead keep them focused on implementing effective performance improvement strategies. Leaders can also ensure that initiatives like the GPRA Modernization Act won't become just another compliance exercise. They are in the ideal position to harness the energy and creativity of the workforce in identifying improvements.

Grant Thornton, in collaboration with the Partnership for Public Service, is conducted a survey of federal agency performance improvement officers. The views of these experienced leaders will be an important input into what steps should be taken to enhance the effectiveness of the government's performance management practices.

Although the GPRA Modernization Act enumerates important qualifications for Chief Operating Officers and performance improvement officers, it will be incumbent on the Obama Administration and Congress to ensure that those positions are filled with experienced individuals who have managed organizations using data to drive change and improvement. Leaders with strong experience in managing successful organizations will either have direct experience with — or at least be able to sift through — the countless management improvement initiatives thrust on agencies. These abilities will enable them to put together accountability mechanisms that fit the environment in which they are working. In this way, questions of party loyalty and policy familiarity are forced to take a back seat to questions of managerial expertise and past success.

Conclusion

Like the performance management initiatives before them, the GPRA Modernization Act is an important milestone in our never-ending quest to make government more efficient and effective. Assigning accountability for improved performance and outlining transparency requirements can go a long way toward improving program success. Without active, persistent oversight from Congress and the executive branch, progress will be sporadic and fleeting. Without strong and experienced leaders, progress may be limited, if not impossible.

About Robert Shea

Robert Shea is a Principal in the Grant Thornton LLP Global Public Sector practice. He leads the firm's Cost, Budget, and Performance Management Community of Practice. Robert is a Fellow of the National Academy of Public Administration and a member of its Board of Directors.

Before joining Grant Thornton, Robert was at the U.S. Office of Management and Budget as Associate Director for Administration and Government Performance. In addition to managing OMB's internal operations, Robert led the President's Performance Improvement Initiative and administered the Program Assessment Rating Tool.

Before joining OMB, Robert served as Counsel to the Senate Committee on Governmental Affairs where, in addition to general oversight of Executive Branch management, he advised Committee leadership on the status of implementation of the statutory framework for performance-based government, including the Government Performance and Results Act and the Chief Financial Officers Act.

Robert was Legislative Director for Congressman Pete Sessions (TX) from 1997 to 1999, where he organized the Results Caucus, a group of Members of Congress dedicated to results-based management and solving many of the government's major management problems. Robert was a Professional Staff Member with the House Committee on Government Reform from 1995 through 1996. There he had responsibility for examining the economy and efficiency of government programs, and acted as liaison with the government's Inspectors General.

Robert graduated from South Texas College of Law in Houston, Texas; and received a Bachelor of Arts from Connecticut College in New London, Connecticut. Robert lives in Alexandria, Virginia with his wife, Eva, and their three girls, Haley, Hannah, and Mimi.

About Grant Thornton LLP Global Public Sector

Grant Thornton's Global Public Sector, based in Alexandria, Va., is a global management consulting business with the mission of providing responsive and innovative financial, performance management, and systems solutions to governments and international organizations. It provides expert performance management advice to major federal departments and agencies, as well as to state and local governments.

The people in the independent firms of Grant Thornton International Ltd provide personalized attention and the highest-quality service to public and private clients in more than 100 countries. Grant Thornton LLP is the U.S. member firm of Grant Thornton International Ltd, one of the six global audit, tax and advisory organizations. Grant Thornton International Ltd and its member firms are not a worldwide partnership, as each member firm is a separate and distinct legal entity.

Visit Global Public Sector at www.grantthornton.com/publicsector.