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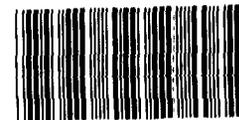
Testimony

For Release  
on Delivery  
Expected at  
10:00 a.m. EST  
October 14, 1987

Presidential Transitions and  
Management Leadership

Statement of  
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Before the  
Senate Committee on Governmental Affairs



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Mr. Chairman and Members of the Committee, I am pleased to be here today to discuss Presidential Transitions. Such transitions epitomize the breadth and swiftness of changes in our governmental leadership. In 10 short weeks, a President-elect must transform the policy agenda outlined during the campaign into an action plan to lead the country. Plans for sweeping personnel changes take place, as serious attention is given to filling hundreds of executive positions which will form the new Administration's leadership cadre.

Your attention to the Presidential Transition Act shares a common theme with GAO's efforts to review the general management capabilities of our major federal agencies. This theme is the search for greater continuity in improving our government's management capacity.

There is no question that it is essential to maintain continuity in our government, particularly in view of today's rapidly changing environment. This can best be achieved if transitions are carried out in an organized way. The transition period is also an opportune time for a frank assessment of the state of federal management, and a determination of what areas need the greatest attention to make sure that essential government operations do not break down.

The new Administration needs to recognize that successful policy implementation is dependent upon good management and upon the government's infrastructure: its planning processes, its financial systems, and the career

workforce. A lack of sustained attention over the years has contributed to serious deterioration in the government's operations and management capacity. Failure to focus on management issues will ultimately undermine efforts to achieve any policy agenda, and result in a government ill prepared to meet the future needs of its citizenry.

This morning I would like to focus on three areas which are essential to building greater continuity into efforts to manage our government more effectively. They are

- Providing adequate financing and support for Presidential Transitions.
- Increasing the political leadership's attention to management issues.
- Building a more effective management infrastructure.

#### Presidential Transition Act

Let me first address the Presidential Transition Act.

This act was passed with the objective of providing the financing and support necessary for a smooth transfer of power from one President to the next. It is important, however, to reconsider the act in the light of experience, as the Committee is now doing. As this effort proceeds, certain broad principles should be kept in mind.

The transition process should remain as flexible as possible. Assuming leadership of the federal government will continue to grow increasingly complex, it is important that the incoming Administration be afforded the opportunity

to tailor its transition approach. It is equally important that the transition be carried out in an effective and efficient manner, given the relatively brief time period available.

In determining the amount of funds to be provided, the established principle of supporting a substantial portion of transition expenses with public funds should be continued. The funding should be adequate to prevent dependence on private funding, but not large enough to encourage the creation of a massive transition effort. Whatever funding level is chosen, provision should be made for automatic adjustments in light of changed economic conditions. Also, public funds used to support transition activities should be subject to an independent audit after the transition period.

In considering any modifications in current controls over the transition funds, it is important to recognize that the transition inherently involves a mix of public and private efforts. The President-elect is yet to possess the authority of the head of state. Persons involved in the transition effort are not public officials. And private funding and support of transition efforts is a tradition which likely will continue.

As the Committee proceeds to develop legislation, we will be pleased to assist in any way we can.

## MANAGEMENT LEADERSHIP IS ESSENTIAL

I would now like to turn to my second major theme--that of management leadership. This is a particularly significant issue during Presidential transitions, given the extensive changes in the government's top management team. Selection of those who will comprise the Administration's leadership is critical. These leaders also need objective, candid assessments of the management strengths and weaknesses of the agencies they will take over.

With this in mind, GAO has been conducting a series of reviews of agencies' general management capabilities. The objective has been to present the political leadership with ways to address underlying management problems that repeatedly have been identified. The long-term goal is improved management.

One major emerging theme from our work is that sustained leadership is required if we are to see improved management of government programs. Frequently, we find insufficient attention and accountability at the top levels of an agency for day-to-day management issues associated with running complex and large organizations. Where we have conducted management reviews, the leadership has reacted positively. Several agencies have moved to assign management responsibilities at higher levels or make organizational changes to achieve greater accountability for addressing management issues.

These efforts are encouraging, but will lead to lasting change only if the new political leadership in 1989 recognizes the importance of continuing to improve our government's institutional capacity. This is more likely to occur if the incoming President and his top managers initially give serious attention to the business of managing the government's operations. An essential first step would be to make managerial capability one important factor in selecting the top leadership team for each agency.

Achieving continuity is a major challenge given our system of changing citizen leadership of a career bureaucracy. The National Academy of Public Administration (NAPA) study of political appointees has found that the median length of service for presidential appointees in the past two decades has been just over two years. NAPA concluded that short tenure and frequent turnover among the appointees led to a focus upon immediate policy concerns with limited attention to long-term institutional maintenance and development.

The impact on agency operations of unstable leadership is critical. A most notable example is SSA, which over the last decade has had 7 commissioners or acting commissioners, with an average tenure of 17 months. This instability has contributed to SSA's inability to provide clear direction to the organization, or to address management deficiencies

hampering effective computer modernization and service delivery.

The Office of Federal Procurement Policy (OFPP) also has experienced turnover in top management. Its five administrators have served tenures ranging from less than 1 year to 3-1/2 years, and during four extended periods OFPP was directed by acting administrators. This situation has been partly responsible for OFPP being viewed in the past as no more than marginally effective in providing overall procurement direction and in improving the professionalism of that workforce.

#### IMPROVING GOVERNMENT MANAGEMENT

Regardless of the President's efforts to attract and retain qualified appointees, their success will be threatened unless we give serious and sustained attention to improving our government's management infrastructure. This is my third major theme.

Because changes in leadership are inevitable, it is critical to strengthen our government's institutional capacity to manage, especially its ability to manage change, build effective financial management systems, and maintain a strong workforce.

#### Adequately Preparing For The Future

We typically have found agencies operating in a reactive posture, consumed by crisis or implementing short term agendas, with little or no focus on long-term planning. The

planning efforts which do exist often lack clearly defined objectives, fail to provide for adequate performance measures, or lack mechanisms to ensure executive accountability. Planning problems occur both in devising ways to provide essential program services as well as in developing a sound basis to ensure that large capital investments are spent wisely.

One good example is FAA. The agency did not have the nationwide workload data, staffing standards, and performance measures to justify to the Congress the number of inspectors needed to meet air safety and deregulation goals until 1985, nearly 7 years after deregulation. As a result, FAA appeared unresponsive to public safety concerns, and the Congress imposed increases in inspection staffing.

Another example is SSA, where the absence of a long-term service delivery plan meant that it had no firm basis for explaining how a proposed elimination of 17,000 staff positions would not result in a decline in services. Also, without a service delivery framework, SSA's Office of Systems developed its own assumptions for the agency's massive computer modernization effort, which subsequently received widespread criticism.

In both instances, the agencies have taken steps to improve their planning and performance monitoring systems. It is important for the new leadership in 1989 to understand the importance of improving agencies' planning and

performance monitoring processes. Our government cannot meet its future challenges effectively unless it develops a better capacity in these areas.

#### Building Better Financial Management Systems

Of course good planning in part depends upon having good information. As you are well aware, I believe significant improvements are needed in our financial management systems, so that policymakers have accurate information to make important decisions and exercise proper controls over federal activities. A good first step would be support for financial reform, as outlined in your proposed Federal Financial Management Reform Act of 1987. This area needs the urgent attention of the Congress and the next administration.

#### Improving The Career Workforce

I also cannot stress enough the importance of improving the way we recruit and manage the federal workforce. Federal pay has lagged behind the private sector for 10 consecutive years. We see indications of morale problems within the federal workforce, and find that agencies have not had the workforce planning systems needed to address their mission requirements.

The next President needs to give attention to the federal workforce if we are to see improvements in program operations and service delivery. Recruiting and nurturing human talent will pay lasting dividends. Such efforts must recognize and rely upon the leadership of the SES, and the

efforts of first-line supervisors and civil servants at agencies such as SSA and IRS. These two agencies probably have the most direct contact with the public, and their performance in part helps shape public opinion about how well the federal government functions.

#### TOWARD A MANAGEMENT AGENDA

In closing, Mr. Chairman, I know you share my concern with improving the government's management capability. You have demonstrated your support for improved financial management, audit of government programs, and now ensuring a viable Presidential transition process. This committee has the leadership mandate to encourage a focus on management as part of an effective presidential transition. Certainly your oversight of executive branch management activities and your powers to review the qualifications of Presidential appointees offer significant opportunities to exercise influence.

GAO is committed to assisting the Congress and making every effort to impress upon the next administration the importance of sustained attention to improving our government's management capacity. It is vital that an incoming administration find the right talent to lead our institutions, charge these leaders with responsibilities for improving program operations, and recognize that good management is crucial to achieving the goals of any policy agenda. The transition period offers perhaps the best

opportunity for the incoming Administration to focus on a management agenda before being consumed in struggles over its policies. We hope they embrace this opportunity because it is essential to building an effective management structure in the federal government.

This concludes my remarks. I would be pleased to answer any questions.