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GOVERNMENT REORGANIZATION

Issues and Principles

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Mr. Chairman and Members of the Committee:

I am pleased to be here to discuss with you some of the issues surrounding government reorganization. Much attention is being focused today on improving the delivery of services to the American people by identifying and eliminating inefficiencies in the way the executive branch is organized to operate. It will be a complicated challenge, however--one made even more complicated by the fact that we are in a period of government downsizing and budgetary pressures. Big changes are looming for the federal government, as trillion-dollar budget-reduction proposals in both houses have made perfectly clear. While budget reduction and eliminating redundancy are driving the reorganization agenda for the moment, difficult choices remain to define both the role of government and the right organizational structures for delivering services to the public.

The current structure of government grew up over time and as a result of decisions that, at various junctures, were based on specific needs or problems. Our recent reports relating agency spending and personnel levels to budget functions show just how complex the delivery of services has become.[1] What our charts cannot capture, however, are the intricacies of the political environment in which the system has and will continue to evolve. Political considerations will, of necessity, influence any attempt by Congress to reorganize the federal government.

We have identified some useful principles that you may wish to keep in mind as you proceed. Based on our observation of other efforts to reorganize or streamline government in the past--both here and outside the United States--these principles are:

- Reorganization demands an integrated approach.
- Reorganization plans should be designed to achieve specific, identifiable goals.
- Once the goals are identified, the right vehicle(s) must be chosen for accomplishing them.
- Implementation is critical to the success of any reorganization.
- Oversight is needed to ensure effective implementation.

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[1] Budget Function Classification: Agency Spending and Personnel Levels for Fiscal Years 1994 and 1995 (GAO/AIMD-95-115FS, April 1995); and Budget Function Classification: Agency Spending by Subfunction and Object Category, Fiscal Year 1994 (GAO/AIMD-95-116FS, May 1995).

REORGANIZATION DEMANDS AN INTEGRATED APPROACH

The case for reorganizing the federal government is an easy one to make. Many departments and agencies were created in a different time and in response to problems very different from today's. Many have accumulated responsibilities beyond their original purposes. As new challenges arose or new needs were identified, new programs and responsibilities were added to departments and agencies with insufficient regard to their effects on the overall delivery of services to the public. In the absence of an integrated approach, situations such as the following have evolved. Each of these has been highlighted in GAO reports or testimonies:

- The federal food safety system, which took shape under as many as 35 laws and is administered by 12 different agencies, does not effectively protect the public from major foodborne illnesses.[2] The system lacks coherence because the basic structure was created and continues to operate in a piecemeal fashion and in response to specific health threats from particular food products. Not surprisingly, efforts to address food safety issues are hampered by inconsistent oversight and enforcement authorities, inefficient resource use, ineffective coordination efforts, and inflexible and outdated inspection practices.

- The federal government has 163 separate employment training programs scattered across 15 departments and agencies and 40 interdepartmental offices, which in turn channel funds to state and local program administrators. Given the size and structure of these and other welfare programs, the vulnerability to fraud, waste, and abuse is considerable. Moreover, little is known about the effectiveness of many of these programs; most of the agencies that administer employment training programs cannot say if these programs are actually helping people to find jobs.[3]

- The federal government funds over 90 early childhood programs in 11 federal agencies and 20 offices. The Department of Health and Human Services runs 28 of these programs, while the Department of Education runs 34. Of the key programs we identified, 13 targeted economically disadvantaged children from birth through age 5--meaning

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[2]See, for example, Food Safety: A Unified, Risk-Based Safety System Needed to Enhance Food Safety (GAO/T-RCED-94-71, Nov. 4, 1993).

[3]Multiple Employment Training Programs: Major Overhaul Needed to Reduce Costs, Streamline the Bureaucracy, and Improve Results (GAO/T-HEHS-95-53, Jan. 10, 1995).

that 1 disadvantaged child could potentially have been eligible for as many as 13 federal programs. And yet many of these programs reported serving only a portion of their target populations and maintaining long waiting lists for services. Further, in 1990 (the most recent year for which comprehensive data were available), most disadvantaged preschool-aged children did not participate in any type of preschool program.[4]

Examples like these tell us a few things. First, they tell us that the lack of an integrated approach to government leads to redundancy and waste. They tell us that the government can make huge efforts to provide services to the public, yet still fall far short of its intentions because of faulty coordination of its efforts within and across agency lines. And they tell us that those who pay the biggest price for a tangled bureaucracy are the taxpayers, who deserve much better.

Under the circumstances, it is not surprising that new proposals are being heard to reorganize the executive branch. The administration has taken the National Performance Review beyond its initial examination of how government should operate to asking questions about what it should be doing. By the end of April 1995, this had already led to restructuring proposals for 10 major agencies,[5] with the Department of Health and Human Services added just last week. In Congress, committees in both Houses have gone even farther, mobilizing to study and make far-reaching decisions on the role of government, its basic functions, and organizational structures. Today's hearing is testimony to this committee's overriding interest in these fundamental issues.

The importance of seeing the overall picture cannot be overestimated. For example, consider our own work on the role and missions of the Department of Energy (DOE). We testified[6] that DOE's mission and priorities have changed over the years, making DOE very different from what it was in 1977 when it was created in response to the nation's energy crisis. While energy research, conservation, and policymaking dominated early DOE priorities, weapons production and now environmental cleanup overshadow its budget. New missions in science and industrial competitiveness have emerged. In addition, DOE suffers from

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[4]Early Childhood Programs: Multiple Programs and Overlapping Target Groups (GAO)/HEHS-95-4FS, Oct. 31, 1994).

[5]Government Reform: GAO's Comments on the National Performance Review (GAO/T-GGD-95-154, May 2, 1995).

[6]Department of Energy: Need to Reevaluate Its Role and Missions (GAO/T-RCED-95-85, Jan. 18, 1995).

significant management problems. We believe that any discussion of major restructuring within DOE should start with basic questions about the need for, and the best place for implementing, each mission.

But these questions cannot be considered without a view to the broad context within which these missions are carried out. Deciding on the best place to manage DOE missions involves an assessment of the advantages and disadvantages of various structures on the basis of their potential for achieving the missions and gaining efficiency. Potential efficiency gains from moving parts of DOE to other agencies need to be balanced against the policy reasons that led to the original structure. Moving DOE missions to other federal entities--such as assigning the weapons complex to the Department of Defense--will clearly affect the missions of each "gaining" agency. In addition, some DOE missions--in science, education, technology competitiveness, and environmental waste, for example--might best be combined with missions from other agencies.

In short, one cannot underestimate the interconnectedness of government structures and activities. Make changes here, and you will certainly affect something over there. And just as the lack of an overall vision created many of the inefficiencies that exist in the federal government today, reorganization efforts that ignore the broader picture could create new, unintended consequences for the future. For this reason, it is imperative that Congress and the administration form an effective working relationship on restructuring initiatives and regulatory changes.

The parallel efforts in the legislative and executive branches will undoubtedly generate many innovative and thoughtful ideas for reconfiguring federal agencies and programs. But we believe the best chance at creating fully integrated approaches to reorganization will be created if Congress and the administration consider these ideas together. Any systemic changes to federal structures and functions must be approved by Congress and implemented by the executive branch, so each has a stake in the outcome. Even more importantly, all segments of the public who must regularly deal with their government--individuals, private sector organizations, states, and local governments--must be confident that the changes put in place have been thoroughly considered and that the decisions made today will make sense tomorrow. The regulations and procedures surrounding federal programs need to be streamlined and made more understandable, so that the public will find these programs easier to use and federal employees will find them more practical to manage.

As Congress and the administration consider reorganization, there are lessons to be learned from previous reorganization efforts.

The first Hoover Commission,[7] which lasted from 1947 to 1949, is considered by many to have been the most successful of these efforts. The membership was bipartisan, including members of the administration and both houses of Congress. Half its members were from outside government. The commission had a clear vision, making reorganization proposals that promoted greater "rationality" in the organization and operation of government agencies and enhanced the president's role as the manager of the government--principles that were understood and accepted by both the White House and Congress.[8] Hoover himself guided the creation of a citizens' committee to build public support for the commission's work. More than 70 percent of the first Hoover Commission's recommendations were implemented.

By contrast, the second Hoover Commission, which lasted from 1953 to 1954, had a make-up very similar to that of the first, but it did not have the advance backing of the President and Congress. Hoover II, as it was called, got into policy areas with the goal of cutting government programs. But it lacked the support of the President, who preferred to make use of his own advisory group[9] in managing the government. It also lacked the support of Congress and the public, neither of which cared to cut the government at a time when federally run programs were generally held in high esteem and considered efficient and beneficial.[10] More than 60 percent of Hoover II's recommendations were implemented, but these were mostly drawn from the commission's technical recommendations rather than from its major ones (such

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[7]The commission's formal name was the Commission on Organization of the Executive Branch. Its membership: Former President Herbert Hoover, Dean Acheson, Sen. George Aiken, Rep. Clarence Brown, Arthur Flemming, James A. Forrestal, Joseph P. Kennedy, Rep. Carter Manasco, Sen. John L. McClellan, George Mead, James J. Pollock, and James Rowe.

[8]Ronald C. Moe, The Hoover Commissions Revisited (Boulder, Colorado: Westview Press, 1982), pg. 2.

[9]Called PACGO (the President's Advisory Council on Government Organization), it was chaired by Nelson Rockefeller from 1953-1958. PACGO drafted 14 reorganization plans that were presented to the President and accepted by Congress. Ronald C. Moe, Reorganizing the Executive Branch in the Twentieth Century: Landmark Commissions, Congressional Research Service, March 19, 1992, pg. 34.

[10]Moe, pg. 105.

as changing the government's policies on lending, subsidies, and water resources) that would have substantively cut federal programs.[11]

The lesson of the two Hoover Commissions is clear: if plans to reorganize government are to move from recommendation to reality, creating a consensus for them is essential to the task.

That lesson shows up again in the experience of the Ash Council, which convened in 1971-72. Like the first Hoover Commission, the Ash Council aimed its recommendations at structural changes to enhance the effectiveness of the President as manager of the government. In addition to renaming the Bureau of the Budget the Office of Management and Budget, the Ash Council proposed organizing government around broad national purposes by integrating similar functions under major departments. It proposed that four superdepartments be created--economic affairs, community development, natural resources, and human services--with State, Defense, Treasury, and Justice remaining in place.[12] But the Ash Council could not gain the support of Congress. Its recommendations would have drastically altered jurisdictions within Congress and the relationships between committees and the agencies for which they had oversight responsibilities. Congress was not thoroughly clear on the implications of the four superdepartments, was not readily willing to change its own structure to parallel the structure proposed by the council, and was not eager to substantially strengthen the authority of the presidency.

Once again, the lesson for today is that reorganizing government is an immensely complex and politically charged activity. Those who would reorganize government must make their rationale clear and must build a consensus if they are to see their efforts bear fruit.

REORGANIZATION PLANS SHOULD BE DESIGNED TO ACHIEVE SPECIFIC, IDENTIFIABLE GOALS

The key to any reorganization plan--and the key to building a consensus behind it--is the creation of specific, identifiable goals. The quest to define these goals is no mere exercise. It will force decisionmakers to reach a shared understanding of what really needs to be fixed in government, what the federal role

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[11] Summary of the Objectives, Operations, and Results of the Commissions on Organization of the Executive Branch of the Government (First and Second Hoover Commissions), House Committee on Government Operations, May 1963, pp. 31-33.

[12] President Nixon, while generally endorsing the Ash Council's proposal, proposed retention of the Department of Agriculture.

really ought to be, how to balance differing objectives such as cost-cutting and better service delivery, and what steps need to be taken to create not just short-term advantages but long-term gains.

This point is particularly relevant considering the times in which the current calls for reorganization are being heard. Policymakers are considering reorganization during a period of severe budget pressures and government downsizing. The global economy and America's place in it are in flux, and the nation is redefining its national security needs as the world's only superpower. Meanwhile, the nation is undergoing a major demographic shift with the aging of the post-World War II generation. The temptation may be to react to current pressures, to reorganize to meet current needs. But the effects of today's reorganization plans will be felt far into the future, when the world will have changed again.

As many private sector firms have come to understand, effective organizations cannot afford to be static. Instead, they stay sensitive to the changing environment in which they operate and maintain the flexibility to respond. Reorganizing the federal government to be flexible will be doubly complicated by the fact that the functions of so many of the present departments and agencies are shared or interconnected. An integrated reorganization approach should recognize that the new government structure must be equipped to respond to changes in the environment, not just agency-by-agency, but in a coherent and consistent way.

Regardless of the immediate objectives, any reorganization should have in mind certain overarching goals: a government that serves the public efficiently and economically, that is run in a businesslike fashion with full accountability, and that is flexible enough to respond to change. The Government Performance and Results Act (GPRA) in particular has highlighted another of these overarching principles: a government whose activities are focused on clear missions and whose success is measured in terms of outcomes rather than processes.

ONCE THE GOALS ARE IDENTIFIED, THE RIGHT VEHICLE MUST BE CHOSEN FOR ACCOMPLISHING THEM

Congress and the President are today involved in a debate about the role of the federal government in the United States. That is an important discussion--and one that has gone on throughout our history.

Even when decisions have been reached as to the areas in which the federal government should continue to play a significant role, there will be important decisions left to make about how

that role should be exercised. These decisions involve a number of issues:

- Should the federal government act directly or through another level of government? If the latter, how much control should the federal government exercise? How should performance be measured, whether at the federal, state, or local level?

- For those areas in which the federal government is to act directly, how should the government be organized? Should agencies or departments be organized, for example, around national missions or around customers or users of the programs?

- What tools should the federal government use? Many are available, including block grants, contracting out, and other forms of federal involvement, such as government corporations and government-sponsored enterprises (GSE).

There is--as we would all expect--no single answer to these questions. A hallmark of a responsive and effective government may be the ability to mix structures and tools in ways that are consistent with overriding goals and principles while providing the best match with the nature of the program or service.

Today, in fact, the government uses a variety of tools to accomplish its goals. In part, that variety is consistent with the various ways in which the federal government can be involved in a given area. For example, in our recent work for you we noted that:[13]

- In some technical or scientific functions--such as energy and space flight--spending on contractors dominates. By contrast, in other functions--such as veterans benefits and services and federal law enforcement--salaries to federal employees take up a larger share of total obligations.

- Federal funds spent on ground transportation are almost entirely in the form of grants or subsidies to others. By contrast, an examination of federal spending on air transportation shows the Federal Aviation Administration (FAA) spending money on salaries and benefits, consultants and purchases from other government agencies, and capital assets.

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[13] Budget Function Classification: Agency Spending by Subfunction and Object Category, Fiscal Year 1994 (GAO/AIMD-95-116FS, May 10, 1995)

How then, might Congress and the President think about how the government accomplishes its goals? In addressing this question, I'd like to turn to the three broad issues I raised above.

- First, the federal government should decide if it wants to act directly or in partnership with another level of government. Today there is a great deal of interest in expanding the use of federal block grants to the states. Block grants are seen as a way of expressing national priorities while giving states the flexibility to design the delivery systems best suited to their individual needs. The underlying theory of block grants is that the improved integration of federal and state funds will permit administrative savings and improved program effectiveness.[14] States and localities can use the flexibility offered by block grants to provide services more effectively through reconciling and coordinating activities in light of local conditions. Taxpayers, clients, and administrators, as well as those charged with responsibility for overseeing the programs all benefit from these improvements.

  The question that arises, however, is one of accountability. A balance must be struck between giving the states and localities flexibility and maintaining adequate accountability from the federal standpoint. Principal concerns at the federal level include ensuring financial accountability over the use of the funds and promoting accountability for program outcomes of national interest.

- Second, for those areas where the federal government is to act directly, several issues need to be addressed in deciding how the government should be organized. Should agencies or departments be organized around national missions? Around customers or users of the programs? At one end of the spectrum is a system in which single agencies are matched to single missions. Such a system may eliminate the problem of having different agencies with different cultures approaching the same goal in conflicting ways. It may encourage trade-offs within that mission. It may permit or encourage focused consideration of the best tool for accomplishing the single mission. But it could also create a system in which each agency becomes an advocate--in which all trade-offs between related or competing missions must be elevated. And although it might appear to offer improvements in accountability and simplified service delivery, it is also likely to result in a system in which

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[14] Block Grants: Characteristics, Experience, and Lessons Learned (GAO/HEHS-95-74, Feb. 9, 1995).

there are many agencies, each requiring its own administrative structure.

Further toward the other end of the continuum is a government of fewer departments defined by broader missions. Delivery considerations might then lead to a decision to have subdepartments organized by customer/client/recipient. Larger departments might offer advantages of economies of scale, especially in the area of support services. Larger departments--by which we do not necessarily mean "superdepartments" along the lines recommended by the Ash Council--might also facilitate serious discussion about the link between governmental outputs and the outcomes in which Congress and the administration are interested. But they might also create more organizational layers and move decisions farther away from the people most affected by the programs.

- Third, the government must select the appropriate tool to use. Block grants--discussed above--are one tool. Contracting out is another. Many agencies already rely heavily on contractors. But while contractors may provide technical skills and knowledge not available within a department, heavy use of contractors can--if not adequately monitored--lead to major problems. For example, we have designated the Department of Energy, the National Aeronautics and Space Administration (NASA), and the Environmental Protection Agency's (EPA) Superfund contracting as high-risk areas because of their lack of systems to protect the government from fraud, waste, and mismanagement.[15] The lesson we can draw from our studies of agency experiences with contracting out is that attention must be paid. If an agency is going to contract out some activity, the agency must spend time beforehand thinking about how it will measure performance and how it will enforce standards.

In general, contracting out will work best whenever the outcome is more important than the process, and it is possible to define acceptable quality in measurable terms. For instance, while the government contracts out for the production of rocket launch vehicles, no one has suggested that it contract out the court system, because in the application of justice, the process is itself the issue. In addition, if federal agencies initiate contracting out with the expectation that it will lead to lower costs and better service through competition, it is important that they be reasonably sure that effective competition will in

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[15] GAO High-Risk Series (GAO/HR-95-1 through GAO/HR-95-12, February 1995).

fact develop. Replacing a single government provider with a single private one may not lead to the hoped-for benefits.

Another option available to the federal government is the establishment of government corporations. Generally, the 21 government corporations currently in operation carry out parts of the government's business-type programs that need a high degree of autonomy and flexibility. The challenge involved in designing government corporations is to balance the need for autonomy and flexibility with the need for accountability and oversight. The Tennessee Valley Authority (TVA), for instance, operates essentially without the oversight required for conventional utilities. Government corporations today cover a range of functions, including producing power (TVA), providing insurance and financial services (the Federal Crop Insurance Corporation), and promoting commerce (the Overseas Private Investment Corporation).

In recent years, Congress and others have expressed concern that the Government Corporation Control Act may no longer be an adequate framework, because it does not provide criteria for when corporations should be formed and how they should be restructured. Additionally, events have shown that using government corporations as a tool can subject the federal government to financial exposure--real or implied--on a large scale. The savings and loan crisis of the 1980s taught us that these exposures should be considered as part of any future decisionmaking on using the government corporation or GSE approach.

Of course, as we consider reorganizing government, there will be situations in which federal responsibility is no longer considered appropriate. Privatization then becomes an option. Privatization differs from contracting out in that it entails no continuing government responsibility for the activity. But as with contracting out, privatizing requires thinking ahead. When we looked at the privatization other countries had done as part of their deficit reduction efforts, we were told consistently that there is a learning curve for effective implementation of privatization.[16] Thinking through the process and establishing specific technical and financial procedures can increase the probability that privatization efforts will be successful.

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[16]Privatization Experiences in Other Countries (B-260308) Letter to the Honorable William V. Roth, Feb. 6, 1995); and Deficit Reduction: Experiences of Other Nations (GAO/AIMD-95-30, Dec. 13, 1994).

IMPLEMENTATION IS CRITICAL TO THE SUCCESS OF ANY REORGANIZATION

No matter what plans are made to reorganize the government, fulfilling the promise of these new plans will depend on their implementation. We will not ultimately be successful in improving the effectiveness and responsiveness of government if we do not also address some basic, longstanding weaknesses in the way most federal agencies operate. Our work over the past decade--including our High Risk studies and management reviews--has shown that many federal agencies lacked consensus regarding their mission and the outcomes they desired.[17] Most lacked the basic program and financial information needed to gauge progress, improve performance, and establish accountability.

In recent years, Congress has taken steps to improve federal management practices and emphasize accountability for achieving results. The Government Performance and Results Act (GPRA), the Chief Financial Officers (CFO) Act, the Government Management Reform Act, and the forthcoming reauthorization of the Paperwork Reduction Act have established a basic framework that should help agencies to improve their performance and business processes.

In passing GPRA in 1993, Congress recognized the magnitude of the changes GPRA would require in most agencies and, in view of this, phased in the planning and reporting requirements over a number of years. Our work has confirmed Congress' wisdom in choosing this approach.[18] It has shown that setting the right goals and using performance information to make substantial improvements in agencies' effectiveness and to guide resource allocation decisions will not come quickly or easily for most agencies. For example, our recent report to the Committee discussed how foreign countries that are leaders in implementing management reforms,

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[17] GAO High-Risk Series (GAO/HR-95-1 through GAO/HR-95-12), February 1995. For examples of work stemming from our management reviews, see U.S. Department of Agriculture: Revitalizing and Streamlining Structure, Systems, and Strategies (GAO/RCED-91-168, Sept. 3, 1991); Tax Administration: Opportunities to Further Improve IRS' Business Review Process (GAO/GGD-92-125, Aug. 12, 1992); and Department of Transportation: Enhancing Policy and Program Effectiveness Through Improved Management (GAO/RCED-87-3 and 87-3S, Apr. 13, 1987).

[18] For example, Managing for Results: Experiences Abroad Suggest Insights for Federal Management Reforms (GAO/GGD-95-120, May 2, 1995); Government Reform: Goal Setting (GAO/AIMD/GGD-95-130R, Mar. 27, 1995); Managing for Results: State Experiences Provide Insights for Federal Management Reforms (GAO/GGD-95-22, Dec. 21, 1994); and Performance Budgeting: State Experiences and Implications for the Federal Government (GAO/AFMD-93-41, Feb. 17, 1993).

such as Australia, New Zealand, the United Kingdom, and Canada, and that have, in some cases, been making management changes for a decade or more, are continuing to struggle as they seek to make program management and accountability more results-oriented.[19]

Moving to a smaller, more efficient federal government that stresses accountability and managing for results will require reengineering federal operations and supporting them with modern information technology.[20] Reengineering inefficient work processes and using modern technology offer unprecedented opportunities to improve the delivery of government services and reduce program costs. Unfortunately, as this Committee is well aware, federal information systems projects are frequently developed late, fail to work as planned, and cost millions--even hundreds of millions--more than expected.

As you know, Mr, Chairman, we studied a number of successful private and public sector organizations to learn how they reached their own ambitious improvement goals.[21] In our resulting report, we describe a strategic, integrated set of fundamental management practices that were instrumental in these organizations' success. The recent congressional reauthorization of the Paperwork Reduction Act of 1995 incorporated essential changes in line with the principles and practices we have identified from our research.

Agencies also need to strengthen financial management to instill accountability and control costs. Reliable financial information is a fundamental prerequisite for improving management of government programs and providing needed accountability for program results. But our work has shown that all too often government financial systems are not able to perform even the

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[19]Managing for Results: Experiences Abroad Suggest Insights for Federal Management Reforms (GAO/GGD-95-120, May 1995).

[20]Information Management and Technology Issues (GAO/OCG-93-5TR, December 1992); and Government Reform: Using Reengineering and Technology to Improve Government Performance (GAO/T-OCG-95-2, Feb. 2, 1995).

[21]Executive Guide: Improving Mission Performance Through Strategic Information Management and Technology--Learning From Leading Organizations (GAO/AIMD-94-115, May 1994).

most rudimentary bookkeeping functions.[22] Without accurate and timely financial information, government leaders continue to be hampered in their ability to control costs, measure performance, or achieve needed management improvements.

With passage of the CFO Act and the Government Management Reform Act, Congress paved the way for the federal agencies to be subject to the same kind of financial statement reporting that is required in the private sector and by state and local governments. Effectively implementing this legislation must be a top priority, and continuing congressional oversight will be important to ensure results.

Finally, we need to build the capacity of the federal workforce to implement and manage programs more effectively and efficiently. Our work has found that agencies' workforce planning processes do not always work well, and that this has undercut mission effectiveness and critical management support functions.

This is particularly disturbing during a period of government downsizing. Most of the private companies and state governments we contacted in a recent review of their downsizing strategies emphasized the importance of workforce planning to target the right positions for elimination. They stressed that strategic planning decisions about what an organization does and why it does it is an essential first step before decisions are made on the appropriate size and composition of the workforce.[23]

In creating a workforce capable of high performance at lower cost, federal managers must operate within the civil service system. However, this system is highly complex and often criticized as inflexible and cumbersome. Bringing it into the 21st century will require a fundamental rethinking of how the system should operate. To address this challenge, GAO recently convened a symposium of officials from leading organizations in the private sector, state and local governments, and other

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[22]See, for example, Financial Management: Energy's Material Financial Management Weaknesses Require Corrective Action (GAO/AIMD-93-29, Sept.30, 1993). Housing and Urban Development: Major Management and Budget Issues (GAO/T-RCED95-86 Jan. 19, 1995). Financial Audit: Examination of IRS' Fiscal Year 1993 Financial Statements (GAO/AIMD-94-120, June 15, 1994). Financial Audit: Air Force Does Not Effectively Account for Billions of Dollars of Resources (GAO/AFMD-90-23, Feb. 1990). Financial Management: Immediate Actions Needed to Improve Army Financial Operations and Controls (GAO/AFMD-92-82, Aug 1992).

[23]Workforce Reductions: Downsizing Strategies Used in Selected Organizations (GAO/GGD-95-54, Mar. 13, 1995).

nations' governments. The symposium suggested a framework of key principles that we believe can serve as the foundation for civil service reform. In the coming weeks, we will be sharing these principles with the Committee.

OVERSIGHT IS NEEDED TO ENSURE EFFECTIVE IMPLEMENTATION

The management weaknesses and lack of sufficient capacity in agencies across the federal government are long-standing problems that will require the sustained efforts of agencies and Congress to make needed improvements. Agencies have the primary responsibility for ensuring that their programs are well-managed, funds are properly spent, and initiatives are achieving the intended results. However, Congress also has an important role to play in both its legislative and oversight capacities in establishing, monitoring, and maintaining both governmentwide and agency-specific management reforms.

I believe that one key step would be for congressional committees of jurisdiction to hold comprehensive oversight hearings--annually or at least once during each Congress--using a wide range of program and financial information. Agencies' program performance information that will be generated under GPRA and the audited financial statements that are being developed to comply with the Government Management Reform Act should serve as the basis for these hearings, with additional information from GAO and other congressional agencies, the Inspectors General, and agencies' own program evaluations and audits. This information should provide Congress with a comprehensive picture of what each agency is achieving and at what cost.

That understanding by Congress of the performance of the various agencies should give it a measure of how well reorganization is proceeding--whether it is accomplishing its goals, and whether it needs further refinement. The process of reorganization will not stop when a plan is adopted. The key will lie in its implementation and oversight. Reorganizing government is an idea with much potential, but every phase--planning, implementation, and oversight--deserves attention, and every phase must be done right.

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Mr. Chairman, this concludes my prepared statement. We will be pleased to answer any questions.

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