GOVERNMENT PERFORMANCE AND RESULTS ACT IMPLEMENTATION: HOW TO ACHIEVE RESULTS

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BEFORE THE

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OF THE

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GOVERNMENT PERFORMANCE AND RESULTS ACT IMPLEMENTATION: HOW TO ACHIEVE RESULTS

MONDAY, MARCH 10, 1997

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON GOVERNMENT MANAGEMENT,
INFORMATION, AND TECHNOLOGY,
COMMITTEE ON GOVERNMENT REFORM AND OVERSIGHT,
Washington, DC.

The subcommittee met, pursuant to notice, at 10 a.m., in room 311, Cannon House Office Building, Hon. Stephen Horn (chairman of the subcommittee) presiding.

Present: Representatives Horn, Sessions, and Davis of Virginia.

Staff present: J. Russell George, staff director; Anna Miller and John Hynes, professional staff members; Andrea Miller, clerk; and David McMillen and Mark Stephenson, minority professional staff members.

Mr. HORN. A quorum being present in a few minutes, the Subcommittee on Government Management, Information, and Technology will come to order. This morning we are holding an oversight hearing on the implementation of the Results Act, the official name being the Government Performance and Results Act, or GPRA, as some call it.

Today, we will examine the status of the consultation process required under the Government Performance and Results Act.

From now until August, executive branch agencies will be consulting with Congress and other stakeholders on the contents of their strategic plans. They will explain how the goals and objectives in the plans have been developed, whether those goals and objectives are consistent with their mission statements, and how they plan to measure achievement toward those goals.

These plans will provide the framework for agency management to examine activities throughout the organization, helping to ensure that all activities relate to and promote the agency's basic mission. To Congress this is an opportunity for broad discussions about an agency's overall direction and program priorities.

Today, the subcommittee is going to examine what the consultation process will actually involve. The General Accounting Office will describe what Congress and the agency should expect from the consultation process. And I might add that we will ask our friends from the General Accounting Office to sit with the panels as they follow because I would like your reaction as we go through this.

We will also hear from three agencies, the Department of Housing and Urban Development, the Social Security Administration, and the Forest Service. Representatives from these agencies will discuss how they are preparing to consult with their committees of jurisdiction and describe their plans for full Government Performance and Results Act implementation. All three of these agencies were early pilots of that law. The Department of Housing and Urban Development has used performance reporting to monitor the success of its programs since fiscal year 1994. The Social Security Administration has been reporting on performance for 2 years in its accountability report.

This reporting covers a wide range of measures for disability and appeals-related performance outputs and outcomes. The Forest Service has been preparing strategic plans every 5 years since 1974 and preparing an annual report of accomplishments under the Forest and Ranges Lands Renewable Resources Planning Act of 1974.

One of the difficulties in measuring performance in the Federal Government is the wide variation among agencies in their means of delivery and services to taxpayers. Agencies such as Housing and Urban Development are grantmaking organizations, passing out funds to States, not-for-profit organizations, local governments, and other entities.

In such cases, non-Federal entities control final delivery to the end user. Other agencies, such as the Social Security Administration, provide benefits directly to recipients. Still others, such as the Forest Service, provide indirect benefits. The Forest Service protects the natural environment and maintains natural resources so that Americans can enjoy their heritage. They also build roads into the national forest that permit those that are logging trees to gain access to parts of the national forest.

These differences influence how desired outcomes are measured. A grantmaking agency, such as the Department of Housing and Urban Development, must design partnership agreements with its service providers to ensure that providers measure their performance and outcomes. An agency that provides benefits directly can measure outcomes and qualities of service much more directly. However, it must deal with competing priorities. Does it satisfy the customer at the expense of accuracy? Does it focus on service or stewardship? Which comes first, customer service or accountability?

The Forest Service must pursue goals that come to fruition very slowly and cope with multiple stakeholders that have a variety of needs. And our question will be, how do you measure success when it takes years for a tree to grow? The bottom line is that agencies must grapple with these and other difficulties of measuring performance.

The incentive is that an informed awareness of performance brings tangible benefits. Agencies will be able to identify programs that are inefficient, underperforming or even obsolete. Congress and other stakeholders will benefit from improved performance and greater results.

Another challenge for Congress is how to coordinate the Government Performance and Results Act consultation process. The leadership of the House has established teams coordinated by Representative Burton, the chair of our full committee, Representative

Kasich, chairman of the Budget Committee, and Representative Livingston, the chair of the Appropriations Committee and its various subcommittees.

The teams consist of staff members from different committees. They will facilitate discussions and attempt to resolve disagreements over priorities. It is important to understand that the team concept is not intended to prevent any Members or staff from seeking consultation from any agency. It is primarily intended as an oversight tool to promote a consensus where there are competing goals or priorities. Simply, the agency should be consulting with stakeholders outside of the Federal Government who will also have divergent interests and preferences.

While this is a challenging process, it is thoroughly worthwhile and we need to get information about it. Experiments undertaken by States, local governments, and other countries, have produced excellent results. At the end of our session today, we will recess this hearing until Thursday, March 13th in order to hear about one of those success stories.

The mayor of New York, the Honorable Rudolph Giuliani, will testify on how New York City, and especially the New York City Police Department, has been reformed by the same principles that are embodied in the Federal Government Performance and Results Act.

We hope that this legislation will result in similar success stories at the Federal level.

Today's hearing includes several witnesses commenting on the implementation of the act. Appearing today are Mr. Nye Stevens, Director, Federal Management and Workforce Issues, General Government Division, U.S. General Accounting Office, accompanied by Assistant Director Chris Mihm.

We will hear their expert opinion on how the consultation process is going. Then we will have testimony from a panel of experts, who will bring us up-to-date on how their agencies are complying with the law.

Those witnesses will be Dwight Robinson, the Deputy Secretary, Department of Housing and Urban Development; John Dyer, Acting Principal Deputy Commissioner of the Social Security Administration; accompanied by Carolyn Shearin Jones, Director of the Office of Strategic Management; and Ron Stewart, Acting Deputy Chief, Programs and Legislation, the U.S. Department of Agriculture's Forest Service.

We thank you all for joining us. We look forward to your testimony.

I would like to ask the gentleman from Virginia, Mr. Davis, if he would like to make an opening statement?

Mr. DAVIS OF VIRGINIA. I will be very brief. I appreciate you holding these hearings. I think the Government Performance and Results Act offers great potential and possibilities for enabling Government to work better and more efficiently. As we try to define the congressional oversight role in this, I think these hearings are going to be very helpful to us. And I would associate myself with the remarks expressed by the chairman earlier and look forward to today's hearing. Thank you.

Mr. HORN. I thank the gentleman for his comments. And now, as you know, being regular witnesses here, we do swear in all witnesses before their testimony is given. Once they have been sworn in, their written statement is put in the record. We would appreciate it if you would summarize the high points of your statement and we will move right along.

As I said earlier, for those who have entered later, that the gentlemen from the General Accounting Office will continue to sit with the witnesses and we would appreciate their comments at various points, certainly, at the end of the hearing or during the testimony. So if you would rise and raise your right hand.

[Witnesses sworn.]

Mr. HORN. The clerk will note that both witnesses have affirmed. Please begin, Mr. Stevens.

STATEMENTS OF L. NYE STEVENS, DIRECTOR, FEDERAL MANAGEMENT AND WORKFORCE ISSUES, GENERAL GOVERNMENT DIVISION, U.S. GENERAL ACCOUNTING OFFICE, ACCOMPANIED BY J. CHRISTOPHER MIHM, ASSISTANT DIRECTOR, FEDERAL MANAGEMENT AND WORKFORCE ISSUES, GENERAL GOVERNMENT DIVISION, U.S. GENERAL ACCOUNTING OFFICE

Mr. STEVENS. Thank you very much, Mr. Chairman.

After 3½ years of planning and preparation and pilots and perhaps a few instances of procrastination, we are finally entering that stage in the implementation of the Government Performance and Results Act where every agency in the executive branch has to produce something tangible, a strategic plan that sets forth its mission and goals and its strategies for meeting those goals.

Agency strategic plans are due to be submitted to Congress at the end of September of this year, and the law requires that agencies develop them in consultation with Congress and in soliciting the views of other stakeholders in the agency's mission. The consultations are just now beginning to take place.

Of the 24 largest executive branch agencies, only 4 departments and 7 independent agencies have done any consultations at all, and most of those were done because congressional committee staff called up the agencies and asked them to come rather than at the agency's initiative.

We interviewed participants in most of those meetings at the request of the House Budget Committee chairman. The participants we interviewed on both sides characterized the meeting so far not as real consultations on GPRA, but more as briefings or preconsultations or preliminary consultations.

While both committee staff and agency officials had generally positive comments about these meetings, they stressed the point that it is going to take time and considerably more experience before a coherent specific set of best practices for these meetings emerges.

Instead, they suggested some general approaches to successful consultations that center on the creation of shared expectations between committees and agencies. Because Mr. Chairman, this is new ground. The consultations entail a very different working rela-

tionship between the branches of Government that has generally prevailed in the past.

You are familiar with previous executive branch attempts to initiate linking results with resources like PPBS, the Planning Programming Budgeting System under President Johnson, and MBO, under the Nixon administration, and the zero-based budgeting initiative.

One of the principal defects of these, the reasons they failed to take hold for the long run, was that they ignored the need for constructive, candid communication and shared goals across the branches of Government, a failing that was recognized very well by the authors of the Government Performance and Results Act.

Creating shared expectations was identified as an essential starting point for successful consultations in our interviews. Several of the less successful experiences, so far, stem from the failure to define up front what both sides expect to achieve from their discussions.

With this perspective, the letter of February 25th from the congressional leadership to OMB represents an excellent step forward in establishing generic expectations for the content of the strategic plans and for the type of topics that the leadership expects will often come up in the meetings themselves. All of our interviews preceded this letter, of course, and were not informed by the generally comprehensive guidance that it provides.

At the same time, both committee staff and the agency officials we interviewed stress that consultations ultimately must be tailored to individual committees, to their needs, their varying knowledge levels and to the degree of policy agreement or disagreement that exists both within Congress and between Congress and the administration on strategic issues.

The need to anticipate and address differing views of what is to be discussed was a recurrent theme in our interviews. In general, we found that congressional staff wanted a deeper examination of the details of agency's strategic plans and frequently issues related to specific programs than the agencies were predisposed to engage in. They wanted more commonly to keep discussions at a higher level on missions and strategies rather than specific program issues.

While GPRA does not resolve this difference, recognizing that it exists and addressing it directly is most likely to lead to fruitful discussions and to avoid miscommunication or talking past each other from the outset.

Another key consideration that emerged is the importance of engaging the right people in these discussions. Almost everyone we talked with stressed the importance of having program people from the agencies in the consultations, as well as officials with the authority to revise the agency's strategic plan.

To be successful, it's generally recognized that GPRA can't be a staff-driven exercise, but must be the basis for daily operations within the agencies, and those with authority over those operations need to be involved in the discussions over the plans.

And similarly, congressional staff that we interviewed noted that true consultation can't take place without eventually engaging Members. The fact that a number of committees are planning hear-

ings this spring to provide oversight on agency GPRA efforts is certainly a good sign in that respect.

And finally, as was recognized in the congressional leadership letter, it was clear to everyone involved in the consultations to date that they have begun what has to be a long-term iterative process that is going to take a good deal of time to bring to completion. As one agency official put it, to be useful, the strategic plan must be viewed as a dynamic document subject to change and open to criticism by all participants in the process.

That is a summary of our statement, Mr. Chairman; Mr. Mihm and I can respond to any questions you have on it, or other aspects of GPRA.

[The prepared statement of Mr. Stevens follows:]

Managing for Results:
Enhancing the Usefulness of GPRA Consultations
Between the Executive Branch and Congress

Summary Statement of L. Nye Stevens
Director, Federal Management and Workforce Issues
General Government Division

Under the Government Performance and Results Act (GPRA), each agency is to develop a strategic plan to lay out its mission, long-term goals, and strategies for achieving those goals. Agencies are required to submit their plans to Congress by September 30, 1997, and the plans are to take into consideration the views of Congress and other stakeholders. To ensure that these views are considered, GPRA requires that as agencies develop their strategic plans, they consult with Congress and solicit the views of other stakeholders.

Although GPRA requires congressional consultations, it does not specify what constitutes a consultation, at what point in the development process of a strategic plan the consultations should take place, or which committees should be involved in consultations. Both committee staff and agency officials GAO interviewed recognize that the consultations on strategic planning are important to developing an agency plan that appropriately takes into account the views of Congress. However, as is to be expected during the initial stages of a new effort, all participants are struggling to define how the consultation process can work effectively.

Although the establishment of a set of best practices, or the attainment of common understandings of what consultations will entail, can help ensure that those consultations are as productive as possible, no single set of best practices has yet emerged. Instead, GAO's work on preliminary consultations suggested some general approaches that may contribute to the usefulness of future consultations. These approaches include creating shared expectations, engaging the right people, addressing differing views of what is to be discussed, and establishing a consultation process that is iterative. A recent letter to the Director of the Office of Management and Budget from the Speaker of the House, the House Majority Leader, the Senate Majority Leader, and key committee chairmen from both the House and the Senate on GPRA-required consultations should provide a good foundation for successful consultations. Ultimately, the guidelines included in the letter, the approaches GAO identified, and other practices that may emerge as agency officials and committee staff continue to learn to work together in developing strategic plans, can help create a set of practices that promote successful consultations. Successful consultations, in turn, can promote a basic understanding among the stakeholders of the competing demands that confront most agencies and congressional staff, the limited resources available to them, and how those demands and resources require careful and continuous balancing.

Mr. Chairman and Members of the Subcommittee:

I am pleased to be here today to discuss ways of enhancing the usefulness of consultations between executive branch agencies and Congress, as the agencies develop their strategic plans. Under the Government Performance and Results Act (GPRA), each agency is to develop a strategic plan to lay out its mission, long-term goals, and strategies for achieving those goals. Agencies are required to submit their plans to Congress by September 30, 1997. The strategic plans are to take into consideration the views of Congress and other stakeholders. To ensure that these views are taken into account, GPRA requires agencies to consult with Congress and solicit the views of other stakeholders as they develop their strategic plans.

These consultations provide an important opportunity for Congress and the executive branch to work together to ensure that agency missions are focused, goals are specific and results-oriented, and strategies and funding expectations are appropriate and reasonable. In previous testimony before the full Committee on February 12, we identified examples of management-related challenges stemming from unclear agency missions; the lack of results-oriented performance goals; the absence of well-conceived strategies to meet those goals; and the failure to gather and use accurate, reliable, and timely program performance and cost information to measure progress in achieving

results.[1] We also described how GPRA can assist Congress and the executive branch in addressing these challenges and improving the management of federal agencies.

Congress and the administration have both demonstrated that they recognize that successful consultations are key to the success of GPRA and therefore to sustained improvements in federal management. For example, Congress signaled its strong commitment to GPRA and the consultation process through a February 25, 1997, letter to the Director of the Office of Management and Budget (OMB) from the Speaker of the House, the House Majority Leader, the Senate Majority Leader, and key committee chairmen from both the House and the Senate. The letter underscored the importance that the congressional majority places on the implementation of GPRA, noted a willingness on the part of Congress to work cooperatively with the administration, and established expectations for consultations. The administration also has shown its commitment to consulting with Congress on agency strategic plans through a letter from the Director of OMB to executive agencies sent last November and earlier guidance to agencies on the preparation of strategic plans.

This willingness on the part of Congress and the administration to work together is a likely precondition to successful consultations. Nonetheless, the consultations may still prove difficult because they entail a different working relationship between agencies and

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[1]See Managing for Results: Using GPRA to Assist Congressional and Executive Branch Decisionmaking (GAO/T-GGD-97-43, Feb. 12, 1997).

Congress than has generally prevailed in the past. In a forthcoming report, we will compare and contrast key design elements and approaches of GPRA with those of past federal initiatives that sought to link resources to results, such as the Planning-Programming-Budgeting System (PPBS) and Zero-Base Budgeting (ZBB). One clear lesson that emerged from those prior initiatives is that constructive communication across the branches of government is difficult, but absolutely essential if management reform is to be sustained. Discussions between agencies and Congress on strategic planning are likely to underscore the competing and conflicting goals of many federal programs, as well as the sometimes different expectations of the legislative and executive branches.

Over the past few months, we have been asked to help brief a number of congressional committees on GPRA and, in some cases, directly assist them in their consultations with agencies. Building in part on that effort, and at the request of the Chairman of the House Budget Committee, we have been examining selected consultations on strategic plans that have taken place thus far. As part of related work we were doing in January looking at agencies' progress in developing strategic plans, officials at the headquarters level, from 11 of the 24 largest executive branch agencies, said that they had been in contact with congressional committees--often at the initiative of Congress--on their strategic plans. Headquarters-level officials in the remaining 13 executive branch agencies said that although they had not met with congressional staff, officials from some of their components had met with authorizing committees and appropriating subcommittees on matters related to strategic planning.

For our current review, we selected consultations to cover a range of types of interactions (from single meetings to sustained contacts), types of agencies (e.g., regulatory, direct service, and business-like), and type of congressional committee (e.g., authorizing and appropriating). Based on our selection criteria, we interviewed staff from five House committees who participated in the selected consultations with agencies. These interviews included staff from both authorizing committees and the appropriations committee. We also interviewed officials from 9 of the 11 executive agencies who participated in those consultations. All of the selected consultations took place before the congressional letter was sent in late February. Our work was aimed at identifying approaches that, in the view of congressional staff and agency officials, have the potential to enhance the usefulness of the consultations required by GPRA. As agreed with the Chairman of the House Budget Committee and this Subcommittee, I will discuss the results of that work today.

NUMBER AND SCOPE OF CONSULTATIONS, THUS FAR, PROVIDE A LIMITED BASIS FOR IDENTIFYING USEFUL PRACTICES

Congressional staff and agency officials expressed a widespread appreciation for the essential role that consultations can play in the development of a strategic plan that is useful to the agency and appropriately takes into account the views of Congress. Although GPRA requires congressional consultations, it does not specify what constitutes a consultation, at what point in the development process of a strategic plan the

consultation or consultations should take place, or which committees should be involved in consultations. Establishing a set of best practices or reaching a common understanding of what consultations will entail can help ensure that the consultations are as productive as possible. However, congressional staff and agency officials said they believed that because of their generally limited experience with such consultations, it will take time for Congress and agencies to develop a base of common experiences from which to build a set of specific best practices for future consultations.

Most committee staff and agency officials had positive comments about the meetings that have been held thus far. However, both committee staff and agency officials–committee staff in particular–stressed the very limited nature of the meetings. The meetings varied significantly, ranging from routine base-touching sessions with congressional staff as part of an agency's broad scan of internal and external stakeholders, to substantive and candid dialogue on an agency's mission, strategic goals, strategies to achieve those goals, and outcome-related performance measures.

Most committee staff and some agency officials we spoke with characterized the meetings that have taken place thus far as briefings, preconsultations, or preliminary consultations. Thus, at this early point, no single set of best practices for consultations has emerged from the preliminary meetings. Instead, committee staff and agency officials suggested some general approaches that center on the creation of shared expectations between

committee staff and agency officials that may contribute to the usefulness of such consultations.

CREATING SHARED EXPECTATIONS WAS IDENTIFIED AS AN ESSENTIAL STARTING POINT FOR SUCCESSFUL CONSULTATIONS

By working together to create shared expectations, consultation participants can establish an understanding of what they want to discuss, what they do not want to enter into the discussions, and what they expect to achieve from their discussions. To avoid misunderstandings and consequent disappointment, both committee staff and agency officials identified a need to define "up front" what they expect to achieve from consultations. For example, one committee staff member said that he asked for and expected to receive background information in the initial meeting with an agency about what the agency had done to achieve the requirements of GPRA, and that his expectations were met. However, in another case, two committee staff who asked for and expected a discussion on an agency's mission statement, its consistency with statute, and its relationship to the agency's strategic goals, among other things, were disappointed. Instead, they received a 1-1/2 hour slide show on the requirements of GPRA, even though they had told the agency beforehand that they did not need such a presentation.

The congressional letter provided guidelines that are intended to make consultations more productive. For example, the letter described expectations for the contents of draft strategic plans and said that agencies should provide relevant materials in advance of consultations. The congressional letter also provided a list of the types of topics that the congressional majority expects to be discussed during consultations. Our work suggests that the guidelines in the congressional letter should go a long way toward assisting committees and agencies in conducting their consultations by helping to establish a shared understanding of the congressional majority's expectations. For example, two committee staff members told us that they encouraged agencies to provide them with relevant documents, including early drafts of strategic plans, before the meetings. This enabled them to prepare questions and suggestions in advance. It also helped them focus better on the presentations and discussions taking place during the meetings by eliminating the need to read and respond to the documents at the same time. Another committee staff member stressed the importance of limiting the materials provided as part of consultations to critical documents, because congressional staff workloads severely constrain the time available to read additional paperwork.

Although the congressional letter helps to establish generic expectations that would be useful in helping to provide a good foundation for successful consultations, both committee staff and agency officials we interviewed stressed that consultations ultimately must be tailored to the individual experiences and needs of congressional committees and agencies. More specifically, congressional staff and agency officials noted that the

historical relationships between an agency and Congress, the strategic issues confronting the agency, and the degree of policy agreement or disagreement within Congress and between Congress and the administration on those strategic issues will heavily influence the way consultations are carried out.

They also noted that these political differences will affect the probability of success of the consultations from either a the congressional or agency perspective. For example, one committee staff member said that major disagreements existed between the political parties as to the basic direction of an agency under his committee's jurisdiction. According to this staff member, when subcommittee staff met with this agency's officials, the discussion quickly became quite confrontational, and the session only served to reinforce tensions rather than resolve them. To avoid repeating this situation, the staff member has sought to focus subsequent meetings on elements of the agency's strategic plan on which the possibility for consensus exists, such as how best to manage programs, and either leave issues arising from contentious policy differences for later consideration or address them through correspondence with the agency. The staff member contrasted the consultations with this agency with those engaged in with another agency, also under the jurisdiction of his committee, where broad agreement existed between the Members of the committee and agency officials on the appropriate goals for the agency and how those goals should be met. In this case, he said the consultation process differed significantly in process and tone from the one in which strong differences existed on basic policy issues.

Our discussions with congressional staff and agency officials indicated that consultations also are more effective when they are tailored for the interests and knowledge levels of participants. An approach that committee staff and agency officials generally said helped them use time productively in initial consultations consisted of gearing agency presentations to the level of interest and understanding of the committee staff. One staff member stressed the importance of providing information on improvements that have occurred in programs where strategic planning has been used successfully. Two staff members said that when they had their initial meetings with the agencies, they were just beginning to understand what GPRA required and what the agencies were doing to fulfill its requirements. Consequently, they favored having basic overview briefings at those initial meetings. Other staff felt that they were already well acquainted with GPRA; they therefore said that such briefings would be a waste of time. In addition, these latter staff members said that agencies should encourage follow-up questions after each meeting and feedback on what went well and what did not go well during the meeting.

Our discussions with committee staff and agency officials suggest that as committees and agencies work together to create shared expectations, some general approaches may contribute to the usefulness of the consultations. These approaches include the need for engaging the right people, addressing differing views of what is to be discussed, and establishing a consultation process that is iterative.

Engaging the Right People

Including people who are knowledgeable about the topic at hand is obviously important to any meeting. Almost everyone we talked with, both committee staff and agency officials, stressed the importance of having agency officials who can answer specific program-related questions attend the consultations, as well as officials with authority to revise the agency's strategic plans. Otherwise, as both committee staff and agency officials said, consultations run the risk of becoming purely a staff-driven exercise that lacks a real link to agency management decisions.

According to committee staff, agency officials with varying responsibilities need to be involved in consultations. For example, two committee staff members observed that, initially, agency consultations with congressional staff should include, at a minimum, officials with direct program responsibility in agencies, as well as individuals from agency staff offices with general planning responsibilities. According to the committee staff members, the direct involvement of program-level agency officials is important in order to demonstrate that decisions made as part of the strategic planning process are serving as a basis for daily operations within the agency. These staff members noted that a measure of GPRA's success is the identification of program officials who are able to (1) clearly show how their program goals are directly linked to agency strategic goals and (2) demonstrate how they are using GPRA to manage their operations. According to the

committee staff members, the involvement of program officials also is more likely to ensure that consultations are informative for both Congress and the agency.

Staff from two committees underscored the importance of including in the consultations congressional staff who have knowledge of GPRA, strategic planning, and the ways Congress can use GPRA to aid its decisionmaking. They also noted that staff who could discuss the intricacies of agency programs and who had strong public policy and finance backgrounds also should be brought in to the consultations to analyze the plans and the supporting documentation that agencies provided.

As the consultations proceed, according to committee staff, the involvement of Members of Congress and senior management within agencies is important because Members and senior managers are ultimately responsible for making decisions about agency strategic directions and the level of program funding. In addition, staff said the involvement of senior management demonstrates their personal commitment and, in cases where that commitment may not be present, is helpful to building that commitment. For example, one committee staff member said that the higher the level of agency management involved in consultations, the better the quality of the agency testimonies at oversight hearings and the greater the importance given to GPRA and the strategic planning process within the agencies.

A staff member from another committee said that true consultation cannot take place without engaging Members of Congress. He said that committee staff should be involved in the initial briefings but that, as discussions progressed, Members needed to be directly involved. Member involvement could be obtained in a number of ways in addition to active participation in consultation sessions. For example, Members could send letters to agencies posing questions on strategic plans and formally documenting their views on key issues.

Another staff member said that hearings are important because not only do they result in Member involvement, but they also require the participation of senior agency management. In that regard, a number of House committees are considering holding hearings this spring, after at least some consultations have taken place, in order to provide oversight on agency GPRA efforts and as a way of creating a public record of agreements reached during consultations.

Congressional staff and agency officials generally agreed that consultations should be bipartisan and bicameral to ensure buy-in from all cognizant parties. In addition, both committee staff and agency officials agreed that, to the extent feasible, consultations should be held jointly with appropriate authorizing, budget, and appropriating committees. Committee staff recognized that due to the at times overlapping jurisdictions of congressional committees, obtaining the involvement of all interested congressional committees in a coordinated approach to consultations can be challenging. The often

overlapping or fragmented nature of federal program efforts--a problem that has been extensively documented in our work--underscores the importance of a coordinated consultation process.[2] In that regard, the effort now under way in the House to form teams of congressional staff from different committees to have a direct role in the consultation process should prove helpful.

From our discussions with committee staff and agency officials, it was not apparent that there was consistency in the meetings that have been held thus far. Some agencies have met with their authorizing committees; others with their appropriators. Of the five House committees whose staff we interviewed, four committees included minority staff in their meetings. And although some House committee staff attempted to include Senate staff and staff from other House committees, their attempts thus far have met with only limited success.

Committee staff and agency officials often favored agencies' obtaining the views of other stakeholders in developing draft strategic plans before congressional consultations took place. One committee staff member said that stakeholders could provide information that could help an agency show a link between the achievement of its programs' strategic goals and the resources required to achieve them. An agency official said that stakeholders have helped to identify the major strategic issues facing his agency. For

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[2]See, for example, Managing for Results: Achieving GPRA's Objectives Requires Strong Congressional Role (GAO/T-GGD-96-79, Mar. 6, 1996).

example, he said that stakeholders helped to identify perceived strengths, weaknesses, opportunities, and challenges that would be involved in making strategic changes and achieving his agency's goals. In addition, he said that stakeholders also helped identify future strategic issues and ways to address those issues through strategic planning.

Addressing Differing Views of What Is to Be Discussed

Committee staff and agency officials often presented differing views on what they believed the level of detail discussed during consultations should be. Congressional staff, on the whole, wanted a deeper examination of the details of agency strategic plans. Specifically, some staff wanted to know how programs support an agency's achievement of its strategic goals and how the achievement of the agency's goals would be determined. In contrast, other congressional staff noted that because some agencies lack baseline and trend data needed to establish performance goals, it is not possible to discuss program performance measures. Therefore, the staff noted the consultations needed to focus on the process of agencies' strategic planning efforts, such as planning schedules and time frames and building capacity.

Some agency officials, however, said that it was their general impression that the consultations were to concern only their strategic plans, not issues related to specific programs. As a result, these agency officials said they wanted the discussions kept at a higher level–for example, on agency mission and strategic goals. These officials said that

they did not believe that the consultation was a forum for discussing program performance goals, measures, and costs. Other agency officials, however, observed that agencies should be prepared to provide information on programmatic issues as well as missions and goals.

Most committee staff agreed with this latter view, saying that agencies need to be prepared to engage in discussions that go beyond mission and goals to the program level and the rationale for specific performance measures. For example, two committee staff members said that for agencies to provide a list of goals--whether program performance goals or strategic goals--without data to show why those goals were chosen and how progress toward achieving the goals would be measured, was meaningless. One of the two staff members said agency officials need to ensure that their officials understand the importance of having data to support their strategic planning efforts and of supplying those supporting data to Congress as part of their consultations. The other staff member explained that one reason Members and committee staff needed such information was to enable them to intelligently assist agencies in selecting appropriate performance measures.

Establishing a Consultation Process That Is Iterative

All of the committee staff and agency officials we spoke with acknowledged that they had just begun an iterative process that will take time to complete. In addition, both

committee staff and agency officials recognized that GPRA-required consultations were new and would require a learning period. As a result, all staff and officials agreed that they should meet as many times as both sides feel is necessary. This point is echoed in the congressional letter to the Director of OMB, which emphasizes that agency officials and committee staff may need to continually work on updated versions of the strategic plans.

One committee staff member and one agency official said that it was unreasonable to think that this year's consultations would be all-inclusive and totally productive. A committee staff member added that agencies need to have a constant dialogue with congressional staff. Finally, an agency official said that all consultation participants must accept that to be useful, the strategic plan must be viewed as a dynamic document, subject to change and open to criticism by all participants.

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In summary, Mr. Chairman, both committee staff and agency officials we spoke with recognized that the consultations on strategic planning are important to developing an agency plan that appropriately takes into account the views of Congress. However, as is to be expected during the initial stages of a new effort, all participants are struggling to define how the consultation process can work effectively. As I mentioned, the letter from Congress to OMB should be particularly helpful in this regard. In our discussions with committee staff and agency officials, they noted some general approaches, including

engaging the right people, addressing differing views of what is to be discussed, and establishing a consultation process that is iterative, that may contribute to the usefulness of consultations. Ultimately, these approaches, along with other practices that may emerge as agency officials and committee staff continue to learn to work together in developing strategic plans, can help create a basic understanding among the stakeholders of the competing demands that confront most agencies and congressional staff, the limited resources available to them, and how those demands and resources require careful and continuous balancing. We look forward to continuing to work with you and other committees on GPRA.

Mr. Chairman, this concludes my prepared statement. I would be pleased to respond to any questions that you or Members of the Subcommittee may have.

(410110)

Mr. HORN. I appreciate having that summary and your more thorough and complete written document was submitted. As I said, that will be part of the record. And besides the questions Members of the panel have, we may well be sending you some written questions in the interest of time.

I now yield to our distinguished vice chairman to begin the questioning, Mr. Sessions of Texas.

Mr. SESSIONS. Mr. Chairman, thank you so much. Mr. Stevens, Mr. Mihm, thank you so much for taking the time to be with us today.

As a person who is concerned about the discussion that you just enlightened us on, and that is GPRA, and how the agencies are looking at this, I heard you say that they are just now looking at a response and a mechanism and putting in place those mechanisms to respond to this. Is that what you are saying?

Mr. STEVENS. As far as implementation of GPRA as a whole is concerned, there is a great degree of variability. Some agencies have been engaged in pilot programs for a number of years.

What I was referring specifically to was the consultation process with Congress. That is only just beginning, and there have only been a few very sporadic consultations really done at the instigation of Congress rather than the agencies itself.

Mr. SESSIONS. We are, I believe, trying to look at how important this is on a going-forth basis to determine from a perspective of an agency what their mission statement is to their authority given in laws.

Do you have any examples of perhaps an agency that has a mission statement or things that they do that are not related to that authority that they have been given in statutes?

Mr. STEVENS. There are some agencies, Mr. Sessions, that do not have organic statutes. I am familiar, for example, with the Federal Emergency Management Agency, which was established by a reorganization plan in the early 1980's, and that was a conglomeration of program responsibilities collected from a number of departments; and to my knowledge, they have never been encapsulated in an overall statement of the mission of the agency. They generally had to package those responsibilities in a mission statement of their own.

I think the Environmental Protection Agency is in the same boat, they never had an organic statute. What they've had is a dozen or so very important laws they are responsible for carrying out, some of which are clearer than others, some of which are in conflict. They have had to balance that and GPRA is certainly forcing them to do so.

Mr. SESSIONS. Do you believe that they are responsibly looking inward at that themselves when they try to respond, or have you had any particular contact with these two agencies?

Mr. STEVENS. With those two agencies?

Mr. SESSIONS. Yes.

Mr. STEVENS. Mr. Mihm had closer contact with both than I have.

Mr. MIHM. In the case of FEMA, we have done some work now probably about 1½ years ago looking at how they changed their program operations to be more consistent with what they under-

stood their mission to be. We did not do a legal scrub to see if it was consistent with any statute, though. We looked at generally how they are seeking to become more effective within what they define and what they understand to be their legal mission.

In the case of the Environmental Protection Agency, we have also done work there and have found similar challenges in that they are less concerned with trying to get an overall or overarching organic legislation, and are concerned with how do they balance off the competing demands that are placed upon them by different legislative requirements.

And this is the type of issue, Mr. Sessions, that we are seeing in agency, after agency, even those that do have organic legislation. Over time, as new social and economical problems have arisen, we've put new responsibilities on agencies without going back and doing an examination and seeing if the sum total of what we are doing, leads to overall irrationality.

There is a real need to do this examiniation in agency after agency. We encourage them that this is one of the starting points of congressional consultation to go up there and say, this is the sum total of the demands that are put on us that we see legislatively. Here are the priorities that we are setting. Give us guidance, Congress, on how best to adjust those priorities and balance them off against one another.

Mr. SESSIONS. It's interesting that your comments relate to FEMA. Without trying to pick on FEMA, I saw in last week's newspaper a discussion about how they are spending millions of dollars to save some golf courses that may be in harm's way either as a result of floods or other things. And it seems like that somewhere inherent within their either; A, mission statement or that the authority that they have through statutes that they would recognize whether they should or should not be spending taxpayer money protecting a golf course, which probably is a private asset. Very interesting.

Let's get to the larger scheme of things, and that is to the Department of Defense, if we could. Where are they in this process, and specifically, responding to the June and then the September deadline?

Mr. MIHM. We recently sent over a series of questions to the Department of Defense and are waiting for the answers back on those. And, so, it is going to be somewhat tentative until we get those answers back and then do an assessment for you and your colleagues up here on the Hill.

In essence, we have just concluded a pretty high level examination in which we found two things. First, is that they had made some pretty good progress in establishing corporate wide goals. That's what they call their strategic goals, and they had a half dozen or seven of those that they laid out that would be the overall goals for the Department.

Where they have made less progress and what our questions were centered on was how do they link the activities that are done on a day-to-day basis by military services and defense agencies to the attainment of those strategic goals or corporate goals? They really weren't there yet. And there's a couple of reports that we've

issued just within the last 6 months in which we laid out some real concerns.

First, in the logistics area, we had laid out concerns showing that while the Defense Logistics Agency was making some progress in its own area of trying to get a handle on the logistics issues, there was not a real linkage back up to an overall strategic vision for the Department of what do we need and when do we need it and where are we going to get it? And I know questions of logistics and excess capacity have been a major concern of the Congress generally and of members of this subcommittee, in particular.

Second, we had done a report recently that had looked at the information technology and all the tens of billions of dollars that they procure each year in information technology, and technology generally to make sure that that was linked up to a broader vision, a broader strategic vision of what are we trying to achieve in the Department of Defense.

The absence of these linkages, or rather the questions about the extent to which these linkages exist, what do you spend in working on day-to-day; what is that achieving at a corporate level is something that is a real concern for us; and we have probed the Department of Defense on that and are expecting some answers back very shortly.

Mr. SESSIONS. Then, last, I would just ask, Mr. Chairman, and then I would yield back to you about the gathering of data and information perhaps in DOD, perhaps because they are the largest and perhaps the one that would be more suspect, but do you believe that these agencies have the ability to gather correct, timely, and accurate data?

Mr. STEVENS. Mr. Sessions, certainly few, if any, do now. And when Mr. Hinchman testified before the full committee on February 12th, he made this a general point about Government agencies. It certainly applies to DOD perhaps because it is the largest of any other, and that is that they do not yet have the kinds of data on what their programs cost and what kinds of results they can expect from them to be able to fully meet the requirements of the Government Performance and Results Act or of the CFO Act, the Chief Financial Officers Act. GAO is placing a good deal of hope that in tandem those two acts can eventually provoke agencies to provide that data.

But I also say Congress has its part. Because if Congress does not use that data, does not make decisions based upon it, does not show that it is willing to look hard at performance, it is ultimately not going to get the attention that agencies need to devote to it for them to improve those underlying systems.

Mr. SESSIONS. In other words, we have to pay attention—since we have asked the question, we need to pay attention and have the willpower to move forward.

Mr. STEVENS. Yes, sir.

Mr. SESSIONS. Thank you, Mr. Chairman.

Mr. HORN. I thank the gentleman. I now recognize the gentleman from Virginia, Mr. Davis, for 10 minutes.

Mr. DAVIS OF VIRGINIA. Mr. Chairman, thank you very much. I guess the cynics in Government would look at this and go back to the Johnson administration's program planning and budget system,

the Nixon administration's management MBOs and, as you note here, the Carter administration zero-based budgeting, and none of these efforts were really successful, but they really didn't entail congressional oversight at the time that is contemplated in this act and they weren't legislative mandates.

Mr. STEVENS. Those are certainly critical differences, Mr. Chairman. We are preparing a report now that should be out certainly by the end of the month, which contrasts GPRA with those previous initiatives, and those are two of the conclusions.

Mr. DAVIS OF VIRGINIA. What are some of the conclusions you might come up with? I don't want to jump the reporting gun on this, but it seems to me—those jumped out at me because these are legislatively mandated and the culture, it seems to me, in the administrations, Republican and Democrat, but kind of the culture, the nature of bureaucracy itself kind of hold the legislative process at bay and they tend to do their own thing, kind of resent legislative influence.

Mr. STEVENS. Certainly, the authors of GPRA recognized that ultimately a much more cooperative approach to management improvement was needed between the two branches, that there needed to be some joint ownership of these programs, and that the failing of those previous programs where they were from one administration, it was their initiative. They kind of sent it up to Congress and left it there and they did not followup on it.

I think another key difference was one Mr. Sessions touched on, and that is, there is a recognition now of the need of basic underlying information systems to provide the kind of data that you really need to determine whether your programs are having results or not.

The consultation process, as you mentioned, Mr. Davis, is one of the mechanisms within GPRA that is designed to achieve a greater degree of consensus over what agencies are doing than we have now, and I think it was very farsighted in that respect.

Mr. DAVIS OF VIRGINIA. It just seems the nature of Government itself, certainly the congressional level, it is very short cyclically. You go from 2 years in the House—I mean, I don't want to give any inside secrets, but you have got to look at every 2 years. This is what is going to happen at the end of 2 years. And this act really provides for a longer term point of view, a longer term setting of priorities, and administrations aren't used to that. They are kind of in a 4-year cycle. Congresses are in 2-year or 6-year or whatever cycles. And this is a great challenge, I think, to both sides to try to get the information, share it together.

Up here it looks like our greatest challenge is we have a committee structure that jealously guards their turf. And as you noted, EPA has, I guess, over 50 different committees claiming some sort of jurisdiction over the Environmental Protection Agency. And the team approach that the administration is looking at at this point isn't intended to prohibit other congressional Members or staff from calling on agencies to consult with them. But do you think this approach is going to be sufficient to resolve disagreements at this point?

Mr. STEVENS. It is certainly necessary, Mr. Davis. And it is not an administrative initiative. This was one taken by the congres-

sional leadership itself to establish these crosscutting teams that it has just begun to form.

It is very much a step forward. I think it is recognition that there are a number of diverse interests within Congress that need to be reconciled is a way of bringing those together. Whether it will in itself be sufficient to recognize these, I would have to say in some cases, yes, and in many cases it is going to take much more time and effort and simply communicating together is not going to resolve the problem itself.

Mr. DAVIS OF VIRGINIA. As I understand, the agencies are going to consult not only with Congress, but with stakeholders, constituents.

Mr. STEVENS. The act does not use the word "consult" with stakeholders. It is to "solicit" the views, I believe, of stakeholders, but "consult" with Congress. But that is a stronger requirement with regard to Congress.

Mr. DAVIS OF VIRGINIA. "Consult" is stronger than "solicit" the views?

Mr. STEVENS. I believe it is, yes. We certainly interpret it to be stronger.

Mr. DAVIS OF VIRGINIA. I assume they can solicit views from the various stakeholders. But at the end of the day, you have competing stakeholders, competing views, sometimes competing constituencies at this end of Pennsylvania Avenue, with the other end of Pennsylvania Avenue, with how the priorities are going to be shared. How does this sort out?

Mr. STEVENS. It will not be the same for each agency. I think some of the pilots that we found are fairly noncontroversial. If the Bureau of the Mint, for example, will do its job, if it puts out a certain number of coins at a certain level of efficiency, they have a less controversial task than the Environmental Protection Agency, for example. And I think there are going to be as many as there are agencies. And in some, the Department of Housing and Urban Development, for example, which is one you will be hearing from later today, I think they have a much more difficult job of bringing their diverse interest constituents together than some other agencies.

Mr. DAVIS OF VIRGINIA. Limited budgets challenge them even more. In the old days you tried to give something to everybody, and nowadays that is becoming increasingly more difficult.

Mr. STEVENS. And it makes it more contentious, too.

Mr. DAVIS OF VIRGINIA. How is this being regarded at the Federal level in the agencies? Is this viewed as just another initiative and we will deal with it as we have to, or is it really being taken seriously as a real opportunity to maybe get some of these agencies back on their feet and restore not just some integrity, but prestige to the process of what they are doing?

Mr. STEVENS. I would have to say, and we have looked very carefully at this that at the OMB, the Office of Management and Budget, there has been an absolutely wholehearted commitment to the Government Performance and Results Act because it helps them manage the Government as well. Within the agencies themselves, they will admit that there are some agencies that paid very little attention to this. They figured that's something that is coming

down the road in 1998, nothing we really have to worry about now. They are now finally beginning to realize that it is real. And some still have not engaged the program people, the leadership of the agency. They regard it as a staff-driven exercise to be dealt with by the congressional relations people. There are some of those.

To characterize the Government's reaction as a whole, we have a statutory reporting mandate that is due in June, and I guess we are struggling right now with how to do that, with what the result will be. And I can't say we have resolved it yet so that I could reveal the bottom line right here. I really don't know what it is. I think there is a very mixed bag so far.

Mr. DAVIS OF VIRGINIA. The agencies generally have a mission statement or perceived mission—I haven't seen it so far.

Mr. STEVENS. Well, they are expected to.

Mr. DAVIS OF VIRGINIA. I wonder, can you think of an example of what might have a mission statement or statements that are not directly related to their authorizing statutes or there are situations where the agency's statement wouldn't be consistent with legislative authority? Or will we find that out as we go through this?

Mr. STEVENS. I think that is in part a legal judgment. It is in part a political judgment because these are at a pretty high level of abstraction.

I mentioned to Mr. Sessions that there are a couple of agencies that don't even have organic or authorizing statutes, the Environmental Protection Agency and Federal Emergency Management Agency being examples.

The Department of Energy is one in which its founding departmental philosophy was to respond to an energy crisis. Its actual duties and responsibilities are quite far apart from that right now. In fact, I heard at a hearing that former Secretary O'Leary said that their real mission was science, and I doubt that that could be found in their organic statute.

Mr. DAVIS OF VIRGINIA. It could be very interesting. It looks to me this is a great opportunity. I was in local government for 15 years where we were faced with a huge budget deficit in my first year. We marched over to the agency and said, what is your mission? And it was interesting how many of them perceived the mission different from what had originally been set out. It just kind of evolved and they went off on auto pilot and sometimes somebody would come in and check them and if something went wrong they would repair it, but most of the time, things moved too quickly out in Fairfax and at the Federal level for anybody to check through this and take a look at any long-term vision.

This is a great opportunity if the communications, and I think that is going to be the difficult part on the part of the Federal Agencies, to communicate with Congress and to try to get closure and agreement on some of these areas. If we do that, this is unique. This is the first time we have really, to my knowledge, that we have had this constructive dialog, between the executive and legislative branches. All of these other innovations, as you point out, were without legislative mandate.

Any additional thoughts on that?

Mr. STEVENS. One of the advantages of having this statute is that it doesn't follow the usual pattern of being an administrative

initiative that the next administration feels it needs to move on from, to develop its own management issue. This is a law. This is one that Congress has enacted as a regular set of responsibilities, and I think that is going to help give it some permanence.

Mr. MIHM. There will also be the need, Mr. Davis, for agencies as they are developing their mission statements, of course, to go back to their statutory requirements. What do we have to do, and start to sort out what have we just accumulated over time, because we like to do or what we think would be nice to do, but as part of that to also focus on the results that they were created to achieve.

All too often agencies define their missions in terms of the number of activities they do or they exist in order to do services or products and forget that those are merely the means to an end. It's the end that's important, and once they start focusing on that end, that opens up whole new avenues of, gee, are we being as effective as we ought to be in delivering the services and products that will get us that result.

Mr. DAVIS OF VIRGINIA. Thank you very much. Thank you, Mr. Chairman.

Mr. HORN. You are quite welcome. Let me ask a few general questions, and then we will begin another round of questioning and get into more detail.

One of them is, in the case of Office of Management and Budget, have you had an opportunity to look at its strategic plan?

Mr. STEVENS. No, we have not. We are aware, I believe, that they are having an offsite meeting that is meant to be a very seminal event in that regard. We haven't been invited. I would be interested to be, but we really are not aware of it, no.

Mr. HORN. You have not been invited, I take it?

Mr. STEVENS. No.

Mr. HORN. Have they held the meeting yet or is it simultaneous with this hearing?

Mr. MIHM. They held an initial offsite with their senior managers probably now 3 or 4 months ago. They had an OMB-wide stand down day at the end of February in which they were all to be discussing and thinking about their strategic plans.

One of the things that has been particularly interesting to us at the staff level, that we have been urging OMB to do is that they are, of course, subject to the Government Performance and Results Act. This is a perfect opportunity for them to show a leadership role in congressional consultations by engaging with this committee and the Senate Governmental Affairs Committee to start talking about what are our mission, what are our goals, what are the strategies, how are we going to assess our effectiveness, all the other requirements of the act.

To our knowledge, they have not been up here to discuss with you or your colleagues exactly those issues. So we, as I said, have been urging them in a friendly manner, but also understanding the type of reaction we would get with that recommendation.

Mr. HORN. You anticipated my next question, which is, if you had seen them around, I feel like the guy that was in an organization and they changed a lot of things and he said, if the boss calls,

get his name. And if they show up through the door, make sure you tell me they are OMB because I will give them the royal treatment.

So, you might suggest that we are their oversight committee and maybe they would like to talk to us once in a while. But anyhow, so much for OMB.

Now, let me ask in terms of the strategic plan and move to the measurements. What I am particularly interested in, since we have experience, it is global on some of these questions. In other words, what has the New Zealand Government done? What has the Australian Government done? You are well familiar with that. What has the State of Oregon done? And what I am wondering is, how far along are we in devising some realistic measures that really tell us when an agency is accomplishing its program goals?

Are we simply at the goal-setting mission statement strategic vision aspect, or are we down to the nitty-gritty yet? And, if so, how do you see those experiments in relation to what we know New Zealand, Australia, Oregon have already done?

Mr. STEVENS. Certainly, those other Governments that you mentioned, Mr. Chairman, are far ahead of us and they have been at it a much longer time, measured in decades rather than years.

In our Executive Guide, with which you are familiar, we chose some examples of Federal agencies that have managed to come up with some good performance measures. I have teased Mr. Mihm here a couple times because they become very familiar. The Coast Guard example, their inspection program is one that we've used over and over and it is a very compelling one. It is the way this is meant to work. It is also the best one, and I don't know that we have come up with another one that good since.

Mr. HORN. Just for the record, even though it's repetitive of other hearings, give us a vision here and a version in a little bird's eye view of how the Coast Guard goes about that matter.

Mr. STEVENS. The Coast Guard has a ship inspection program that measured itself by the number of inspections it carried out over the years, the number of deficiencies it found in ships. In going through a GPRA-like exercise, and it did precede GPRA, they looked at the causes of deaths in the maritime industry and discovered that a large majority of them were not from the condition of ships, but were from human error, and they devised a performance measure that said if we're here to minimize the loss of life, that's really how we ought to measure the result of our effort.

And Chris will help me with the numbers in a minute, but they did define their outcome measure as the numbers of deaths in the maritime industry per hundred thousand work years, and by working more closely with the shipping industry, by concentrating on that human element, on training, on people avoiding mistakes within that element, they brought the number down from, I think, 91 deaths per hundred thousand to 27 per hundred thousand in a short period of time.

They also did it with fewer staff because it takes less manpower to do that kind of thing working with the industry than to carry out ever increasing numbers of ship inspections and it ultimately did better. That's a beautiful case, but as far as I know, it is still unique.

Mr. MIHM. Mr. Horn, what the Coast Guard shows us and there are a couple others of FEMA that we have been impressed with, and Veterans Health Administration. What these all have in common, and it gets back to the point I was making with Mr. Davis, is that the organization stepped back and asked the fundamental GPRA question. Why do we exist and thought of that in terms of results rather than in terms of, well, we exist because we are a regulatory program. No, we exist because we want to reduce, in the case of the Coast Guard, the incidence of deaths and injuries in the towing industry. The regulatory approach is just the strategy that they had chosen rather than the reason that they existed.

Mr. HORN. And maybe the tactics they had chosen also.

Mr. MIHM. Yes, sir.

Mr. HORN. Well, Mr. Stevens, you anticipated my third question, which is the relationship of number of personnel to the results. And I was thinking of the downsizing in private industry where sometimes the whole mission is improved because they have cut out middle layers of people that are simply sending memos to each other and really don't have any role in getting the job down where the action is. How are we going to look at that? Do we have any good examples now, besides the Coast Guard?

Mr. STEVENS. We have done a number of reports on downsizing within agencies. It has been an exercise that has so far been carried out more or less in advance of the Government Performance and Results Act. And one of the major conclusions we have reached is that agencies have not gone about this the right way. They haven't taken the steps of saying, what is our mission, what are we trying to accomplish, and what kind of workforce do we need to accomplish that?

Rather, they have taken the resource level—the numbers of people—as an independent variable. They have said, well, we will cut it and see what we have left and try to decide where to go from there.

Workforce planning is ultimately a very important tool in this exercise. It is one that if GPRA had been well established at the time that the last downsizing took place, we would have expected a much more coherent approach to it, but it hasn't happened yet.

Mr. HORN. Recently, I had the staff send out a questionnaire on quality management, surveying how much activity in that area had occurred either in improving the relationships between the management group or just what experiments were underway.

In terms of some of the agencies you've looked at, to what degree have they gone through what the private sector has gone through, some of the military groups, in terms of the quality management idea, of which I would think determining what is our mission, how do we carry it out, how do we phase it in and all the rest of it ought to be part of that? Have you found some experiments? Is there any correlation between those agencies that have done that work and what they are doing under the Government Performance and Results Act?

Mr. STEVENS. A number of the pilot agencies had been working on results-oriented management for a number of years, and I assume that, but do not know for sure that those emerged from the kinds of quality examinations that you're talking about, TQM or an

adaptation of it. But I'm not—I'm not certain of exactly what program it led to. I know they engaged in this and that it has worked and the ones that have had a head start certainly have done better than those which are just now beginning, which is the vast majority.

Mr. HORN. Any comments on that, Mr. Mihm?

Mr. MIHM. I would just reiterate one of the messages, as you know, Mr. Horn, from one of our high risk reports, which is that all too often we throw money, especially in technology projects, at problems without re-engineering those problems to make sure that we are being as efficient as we need to be. That's been one of the major deficiencies that we've seen in program after program that's invested, $145 billion over the last 6 years in information technology at the Federal level without fundamentally reassessing first why are we even doing this and, second, are we doing this in the most efficient way possible. We end up automating things we ought not to be doing. That's a continuing challenge with GPRA implementation as well.

Mr. HORN. One of the things that always worries me when we talk about the measurements is people often take the easiest route. They see something that you can add up, count, divide, so forth. What's your reading on the type of measurements that make some sense in public agencies that are designed to serve a clientele? I mean, granted, we can look at Social Security and say, gee, did you get the benefit checks out in time? How many errors did you make? So forth and so on. What are some of the other measurements?

I've told the story before that I remember the Department of Justice examination of the National Institute of Corrections was the stupidest analysis I had ever seen. That was about 10 years ago. Hopefully they have improved. But they simply were talking about measurement judgments that related to an agency and they picked something they could count, not something that was relevant. So how do we deal with that?

Mr. STEVENS. You're certainly correct, Mr. Chairman, that measuring of activities or outputs is much more familiar and much easier for agencies. The best example is job training programs where there is a tendency among the 163 or so programs that exist in Government to measure the number of contacts they have or number of participants in the job training programs and to set goals that have ever increasing numbers of those participants.

But the basic question the GPRA should provoke them to ask is the underlying importance of that. And it is not important that people be participants in programs just to be participants in programs. It is that they become employable individuals with jobs in the private sector and that ought to be the measure.

It's much more difficult for an agency to achieve because they rarely have the data by which to do this. It has to be done over time, probably cooperatively, and it's just much more difficult. So there will still be a tendency, and we are finding this in the initial GPRA plans, to measure outputs and activities as opposed to real results.

Mr. HORN. That is an excellent example because, as we would agree, I think, what they ought to be measuring is, what happened

to their product 6 months, 1 year, 2 years later. Are they employed, are they benefiting in terms of rising up the hierarchy at all?

Now, one easy way to track them is their Social Security number. And is there a need in the law somewhere to assure on that type of a measurement survey, if you will, a result survey that we could gain the cooperation of the Social Security Administration to reveal those data to the other agencies if they are doing that type of management analysis? What do you think, are there any blockages there we should worry about?

Mr. STEVENS. There are restrictions on data sharing, Mr. Chairman. You've done some legislative work in looking at some of the ways our statistical system is organized. I'm not certain the extent to which Social Security is limited to providing that information to outsiders. But certainly some agencies are prohibited and there are some drawbacks to data sharing.

We have, as an institution, engaged more heavily than other agencies in matching programs, computer matching perhaps, but I have to tell you it's been controversial. There have been some objections to some of our investigative methods that take two lists and determine which ones are in both programs.

Mr. HORN. Is that an objection or worry that they didn't look too well at the end of it?

Mr. STEVENS. We had some of both. There are people who have had principled objections to this and the Privacy Act, which, I believe, is under the jurisdiction of this committee was a legislative response to that that perhaps should be re-examined.

Mr. HORN. I'm sure people have valid reasons as a matter of principle, but I've often found that many organizations revert to principle because they don't like the result of a study, and I worry about that. If we're going to really be realistic, we need some cooperative relationships with all due respect for the privacy of the individual, but not necessarily the privacy of the agency in the sense that we need to know if these things work.

With a $5.3 trillion national debt, we can't afford some of these things that are wonderful bits of smoke and mirrors. The question is, do they work? If they don't work, let's get something that does work and how do we measure that?

With that, I would like to yield to the vice chairman, Mr. Sessions, to continuing the questioning.

Mr. SESSIONS. Mr. Chairman, thank you.

Mr. Stevens, I would like to take up what would be considered a new line of questions, and that is dealing with the numbers of people who are employed in agencies, in other words, what you would probably call the workforce.

I saw last week where the Army is now saying, in order to get the number of people that they need, they are going to drop the requirement for high school diploma. I have seen that the—I believe it is the INS is offering $25,000 as a buyout to some employees to leave the agency. These are unrelated, but they are generally to the point of workforce and numbers of people are qualifications, what an agency is doing to meet their mission statement.

Can you speak with me about funding levels, workforce requirements, and that relationship to what we could anticipate in this GPRA report that we will get later in the year? Is that addressed?

Is it addressed properly? Are we asking the right questions? Are agencies including this as part of not just the mission statement, but the workforce requirements?

Mr. STEVENS. They should be, Mr. Sessions. And certainly, GPRA contemplates that they will. An agency's first step should be to develop its mission, then its strategic way of getting to that mission. And it is premature to decide what your strategic way should be, which is often hiring a workforce before you have decided what that mission is. A workforce is only one way to get to a mission. Another way is a tax expenditure or is contracting out to third party deliveries.

And agencies tend to have a conviction that because they have a certain workforce they have got to keep them. That becomes almost a mission of itself for the agency, yet GPRA makes them go back to a step before that and say not what is your workforce doing, but why do you even have a workforce? Can your objectives and results be attained by a less labor-intensive means? And very often that will turn out to be the case.

The downsizing that has been undertaken in the last 4 years did not usually take that step. There wasn't any workforce planning or any decision on what agencies were doing. It targeted older people in the workforce partly because their salaries contributed more to deficit reduction. But again, that doesn't make a lot of sense in some agencies where experience and knowledge are more important than ever in a smaller environment.

Mr. MIHM. I would add to that, Mr. Sessions, that one of the things that we're seeing with successful organizations that are implementing GPRA is that they are looking at and understanding both halves of the equation. It is a focus on results, and that means stopping the focus on a lot of the process controls that have been put in place, and particularly with agencies, that agencies are going about doing GPRA and focusing managers on results have to give them the freedom and authority to achieve those results and then hold them accountable for the use of that freedom and authority.

We, in our Executive Guide, talk about the Corps of Engineers which had had requirements for up to five different signatures for procurements of less than $25,000 out in the field. Now, these are people that are running million-dollar dredging operations and they needed five signatures. People in the field thought we had to go after GSA or OMB to get relief from this. Actually, it was coming from the Corps of Engineers itself. There was blood under the door when that was revealed. And as a result, they have made some changes. They are saving $6 million a year and 175 FTEs because they are giving managers authority to achieve results, holding them accountable for those results, and getting out of the business of process controls.

So once you start focusing on results, it does free up some resources that otherwise would go to a lot of these systems overseers that are there to push paper or to run the bureaucracy.

Mr. SESSIONS. Can either of you give examples or discuss how agencies are doing when they do reduce the numbers of employees that they have? Is that a one-time shot and they come back and hire, or are they replacing higher paid employees for lower paid

employees? Are they playing a game, get them off at the end of the year, add them back later? Can you discuss that briefly with us?

Mr. STEVENS. Yes, Mr. Sessions. We have a number of reports in that area, too, which I might share with you. With the downsizing program, we find very few games being played. There was an incident in the Department of Energy in which some buyouts were recycled, but they really were fairly small numbers governmentwide.

But the main problem, I believe, has been a failure to carry out workforce planning as part of the downsizing operation. It has generally appealed most—the buyouts that were offered have generally appealed most to people who were near retirement age, the more senior members of the workforce, and those have been differentially beneficiaries or targets, depending on how you view it, of the buyout legislation.

Still, we believe that that has been more beneficial to the Government than the alternative process of reductions-in-force. That process is so highbound and so bureaucratic in itself and counterproductive in terms of the results, that that costs the Government more than the $25,000 buyouts that were authorized.

Mr. SESSIONS. Interesting. Well, I'm hopeful that this will also be a part of a thought process. And I know there are some agencies here today. I hope they get that message also that it is not only just mission statement and process and performance with expectations, but also how you're going to notify your workforce to where they're going to realize what jobs are there. It has a lot to do with training needs, what kind of people you need in an agency to where it would be a road map for understanding what we need ahead.

And I guess it goes back to my original statement about the Army having to go to get people that don't have a high school degree. At some point there is bound to be a reason why we did needed that type of person, and we're reducing our standards, it appears to me. And I hope that we don't find that we're getting rid of knowledgeable employees with expertise and taking something that is less than what it takes to get the job done.

Mr. STEVENS. Very few agencies right now could prove that to you.

Mr. SESSIONS. And I think they need to be thinking about that also.

Thank you, Mr. Chairman.

Mr. HORN. You are quite welcome.

The gentleman from Virginia, Mr. Davis, for 10 minutes.

Mr. DAVIS OF VIRGINIA. Just to followup on a couple of things. I appreciate your testimony. I think you know, in your testimony that was submitted for the record, at least, that one of the congressional staff went down, the subcommittee staff met with the agency officials and it became confrontational. This is going to happen from time to time. I think this is something that's a learning experience on our side, as well as on the side of——

Mr. STEVENS. It happened before GPRA, Mr. Davis.

Mr. DAVIS OF VIRGINIA. Right. In fact, it usually happens. What we need to do is tone this down at this point. I noticed the way they tried to work around, find the areas we agree. Some of the areas like where are you using IT, where can we enhance getting more information out, what is the most cost-effective way, those

kind of things are clearly areas we are going to have to work on? But you can just see when you get some of the staff, some of which, believe it or not, is partisan, together with Schedule C members, that you are going to get that confrontation.

So this is a learning experience for both of us and we need to know. We will be learning as we work through this. But at the end of the day, even though there may be program disagreements in some of these Federal agencies that get pretty politically charged from time to time with some elements of the Hill up here, that we can still improve the way they are doing it, even though we may not agree with what they are doing, but they can do it more effectively.

That's going to take, I think, a constant dialog. It is going to take constant reports from you and others up here telling us how we are doing, and a learning experience. As I said, this is an opportunity, that I am not even sure the people who envisioned this act recognized all that it has the possibility to do, if it works right.

But I think what we are seeing and what I gather you are saying is that the discussions between staff up here and agency staff are all over the lot at this point and it is just all over the lot. Some of them have been very constructive. Some of them have been attitudes.

Mr. STEVENS. None have really risen to the level of the consultations that GPRA envisages. They have all been characterized as really pre-consultation meetings.

Mr. DAVIS OF VIRGINIA. OK. So far.

Mr. STEVENS. Kind of meetings before the meetings.

Mr. DAVIS OF VIRGINIA. OK. They have been able to learn a lot.

Where would you say at this point we have made the most headway? Is there any agency you can look at, at this point, and say this is really on the right track and is a model, or is it still too early to say that?

Mr. STEVENS. In the consultation process per se.

Mr. MIHM. If I could answer it by saying, rather than particular agencies, it is the agencies that have a clear commission going in, the most direct relationship between what they do and the result that they are designed to achieve. So agencies such as the Bureau of the Mint, presumably the Social Security Administration would be another, where it is fairly clear going in what we want them to do and that there is not an awful lot of rancor between committees or parties up here on the Hill or between the agency and the Hill. So those are the ones that have been most successful.

The ones proving quite difficult are those at the other end of the spectrum, where there is the most tenuous or longest-term relationship between the activities they do and some final result. Science and research agencies can have a tough time of it. Intergovernmental programs, as you can imagine, have a tough time of it.

What do we really want them to achieve? What are we going to hold the Federal Government accountable for in an intergovernmental program? Those are the ones where it is going to take quite a bit of time to sort out what their goal is, what their mission is, what their measures are and how we are going to assess performance.

Mr. DAVIS OF VIRGINIA. I think you are right. The mission is basically the ballgame.

Mr. MIHM. Yes, sir.

Mr. DAVIS OF VIRGINIA. If you agree on that, then it becomes a lot easier to say, how can we do this more effectively? And the discussions can be—they can be heated but they can be more calmer.

One of the things that I found happens is you have got a lot of good people sometimes out in agencies and they are working hard but they are performing tasks that really don't need to be performed when you take over what your final objective is. They are working under regulations that really didn't need to be written. They are filling out forms that don't need to be printed. And those are the kind of things that I think, working together, both sides can start taking a look anew at that instead of fighting over the mission statement. I think that's a good point.

I think I will stop on that, Mr. Chairman.

Thank you very much.

Mr. HORN. Thank you.

Let me ask a couple of followup questions here. Are there any more, by the way?

We have got advisory boards and committees and a lot of Government programs. I don't know what the current number is. At one time, I think it was around 1,000 and then we had a cutback. Do you have those figures off the top of your head?

Mr. STEVENS. Advisory committees to Federal programs?

Mr. HORN. Advisory committees, yes.

Mr. STEVENS. I don't have a current number but it is usually numbered in the low four figures, about a thousand.

Mr. HORN. I have been on several of them in my previous incarnations, and some of them have been excellent, where you get a real cross-section of people that are both professionals and nonprofessionals, that can raise the why question, why are we doing this, and get somewhere with it. I found them very useful.

To what extent do you know that those advisory committees, their advice is being taken into account on this, because that's a built-in way?

Now, some of them are strictly tools of the particular agency, and that's another worry when you don't have that outside critic, if you will, on those advisory committees. Do you see any evidence of use of these committees at all in your wandering around the executive branch?

Mr. STEVENS. We really haven't checked that, Mr. Chairman. I think it is an excellent means to get the views of outside stakeholders. That's really why these committees are formed, to bring diverse viewpoints of people who aren't directly engaged in the workforce of the agency but have knowledge and perspectives that they can bring to bear.

I would think that an agency head, who was faced with developing a strategic plan, and performance indicators, would find the first place he would turn would be that outside advisory committee, which presumably is people who are wise. And it's generally almost free; if not free, they usually have to pay travel expenses and it would be an excellent place to turn.

I know that the General Accounting Office had a couple of advisory committees that Mr. Bowsher put together and he gathered them regularly. I can testify that he certainly took their advice seriously, and when matters of overall priority and strategy were at issue, they gave very helpful advice. It was very useful.

Mr. HORN. Just to give you an example of one advisory committee that I saw worked very well, the law happened to be developed by a really first-rate gentleman in both understanding Capitol Hill, understanding the problems of the Bureau of Prisons and a very distinguished lawyer, the late Robert Cutac. He happened to draft the law that led to the National Institute of Corrections. He did 90 percent of the work. I did about 10 percent of the work, as I recall, and then it was enacted.

We didn't even have a hearing on it. The Senate just put it in, rolled through, and we were established. The idea was that of the Chief Justice of the United States, Mr. Burger, that we ought to do something about State corrections, and we built into that advisory committee assistant secretaries from other agencies.

And I rapidly realized, as one of the founding members, who had helped draft the law, that a lot of these assistant secretaries had never talked to each other; I mean, Assistant Secretary of then HEW on the youth side, along with the Director of the Bureau of Corrections, along with the Legal Center and so forth.

We just added them all in and they showed up. And a lot of good things came out of that in what we tried to do in stimulating reform at the State level, which was eons behind what the Federal Government had done in corrections, because we had had a fairly high level of professional service in the Bureau of Prisons for the last 50 years, and it was just getting them together at the State level to pay for the coffee and say, hey, why don't you guys meet once in a while and spend a couple of days thinking about it? Because in that field you have the policemen on the beat blaming the judge; the judge blaming the DA. All of them are blaming the prison, the jail administration and so forth. We started getting those people, the sheriffs, the police chiefs, all in the same room and some good results happened.

So what we need is to look at some of those in terms of the stimulus they can do to improve a program. And actually the way we wrote the law, the advisory committee recommended the Director to the Attorney General. Now, the Attorney General is free to say, I don't like your three recommendations, but they never did, and they picked one of the three that we had looked at.

So I found that a useful advisory committee, others that will go nameless, I found a non-useful advisory committee for the reason that they were sort of the agency pets that were just to come up and lobby Members of Congress for more resources without any great reason why.

I also am reminded of our friend, Rufus Miles, that a lot of you know, that Miles' law: That where you stand depends on where you sit.

And I think of one of my colleagues on Capitol Hill in the 1960's, who was always denouncing what was going on in the executive branch until he was made Associate Director of the Bureau of the Budget, as it was called at that time, and then when I visited him

he denounced everything we were doing in the legislative branch. The conversion must have been only one shot in the arm of something, as he crossed the middle of Pennsylvania Avenue.

And I just wonder, on those attitudes there, what do you detect as you go around? Is there a willingness to carry out this law or is it just doing the minimal to try and get past the guideposts under the law?

What kind of sense do you get? Is there some enthusiasm that this is going to help them run a better program or are some sort of still saying, well, I will put it off until a week before the deadline?

Mr. STEVENS. There are examples of both, Mr. Chairman. But I have to say that we have been impressed by the efforts of the Office of Management and Budget for the past couple of years in bringing home to agencies the expectation that their programs will be measured to a greater extent on results than has been true in the past.

Alice Rivlin and John Koskinen, when we looked at OMB's internal management operation, the OMB 2000 reorganization, which you are familiar with. We found that their personal attention to this was extremely important in keeping that institution committed to it.

A second group that has also been very supportive, influential, and I think has helped generate the expectation that agencies will take this seriously, is the GPRA Committee of the Chief Financial Officers Organization, and we have worked very closely with them. And from what I have seen of their literature, Chris Mihm has attended their meetings, that has been an excellent forum of the kind you were just referring to when you are talking about outside of these advisory committees, that has been an excellent forum for people throughout the executive branch to learn best practices, expectations and to really become alert to the fact that this is going to be a requirement on all of them in the future.

Mr. MIHM. I think for a number of agencies, Mr. Chairman, there is a bit of a wait-and-see attitude, is that we have had a lot of interest and a lot of talking and evangelizing for GPRA over the last couple of years. It is now time for it really to be implemented.

There is a wait and see, of let's see if Congress is really going to get on board with this. In that regard, the statement of the majority leader at the full committee hearing last month, a letter from the congressional leadership that went over to OMB Director Raines, hearings such as these that you have had over the last couple of years, send unmistakable signals to agencies that Congress is interested, first, in the implementation of the act and, second, for a new type of relationship.

As we think about consultations, it is not the old way where we just drop off a draft, something stamped draft, and say get back to us in 10 days if you have any comments, but really working together to try and reach some common understanding of goals and measures. I can testify directly because I spend a lot of time with agency officials, these types of measures send very, very clear messages and very, very dramatic messages down to the agencies of how important Congress views the implementation of GPRA, and as a result, it furthers the implementation of the act.

Mr. HORN. Do you find much sharing between agencies at this point in the process, where somebody might have developed a good measurement that could be applied elsewhere? Are they hearing about it? Are they meeting and sharing information?

Mr. STEVENS. I think the CFO council mechanism is the best example of that. That has taken place, yes.

Mr. HORN. Well, I have high regard for that council. I think you are right. And, of course, now we are having the CIO council, not the union, but the Chief Information Officers, and that, I would think, would help a lot because they are essential in terms of a lot of the measurements being successes.

Mr. STEVENS. Yes, sir.

Mr. HORN. Well, if there are no more questions of this panel, why don't we have our last four witnesses on panel two come forward, Secretary Robinson, Commissioner Dyer, Director Jones, and Chief Stewart.

So if you would all come join us at the table, we will swear you in and just go down the line before we get into questions.

[Witnesses sworn.]

Mr. HORN. All four have affirmed.

We will begin with Secretary Robinson on the progression that has been made by the Department of Housing and Urban Development.

Mr. Secretary, we are glad to have you here.

STATEMENTS OF DWIGHT P. ROBINSON, DEPUTY SECRETARY, DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT; JOHN DYER, ACTING PRINCIPAL DEPUTY COMMISSIONER, SOCIAL SECURITY ADMINISTRATION, ACCOMPANIED BY CAROLYN SHEARIN JONES, DIRECTOR OF THE OFFICE OF STRATEGIC MANAGEMENT; AND RON STEWART, ACTING DEPUTY CHIEF, U.S. DEPARTMENT OF AGRICULTURE FOREST SERVICE

Mr. ROBINSON. Good morning, Mr. Chairman and thank you for this opportunity to appear before the subcommittee this morning to discuss the status of HUD's implementation of the Government Performance and Results Act.

For the record, I have submitted my full testimony to you.

Mr. HORN. Right.

Mr. ROBINSON. And I will just simply provide major highlights in my comments this morning.

Mr. HORN. Excellent. That's what we would prefer. I am not putting the clock on a strict 5 minutes, but if you could keep it to 5 to 10 minutes, that would be helpful.

Mr. ROBINSON. Actually, it should be a little less than 5 minutes, Mr. Chairman.

Secretary Cuomo and I believe that this important legislation has and will continue to help us to better serve our customers by better managing our resources. This is the reason we have embraced the legislation in all of its components. The following is the Department's implementation development path.

We will deliver the Department's Strategic Plan for GPRA to Congress on September 30, 1997, as required. The Department has been developing component parts of our strategic plan, that is the

performance objectives, the measures and other requirements since fiscal year 1994.

We have used an application of Lotus Notes software to develop specific goals and objectives and performance measures and a way to monitor our progress in carrying out these major management plans and targets.

The performance reporting process has included the review of accomplishments against established goals and objectives and milestones at regularly scheduled management committee meetings during the past few years. Based on these experiences, the Department has created and improved its system for establishing more accurate outcome-based performance measures, that is up from 4 percent to over 20 percent in 1997.

An example of our outcome performance goals and performance measure criterion is the Secretary's priority for community empowerment through the HOME program. The established outcome measure for fiscal year 1996 was production of, or rehabilitation of, 50,000 affordable housing units. As of September 30, 1996, we have produced more than 62,000 HOME units.

Our fiscal year 1998 budget submission links outcome-based performance indicators to major program areas. The next step in the performance-measured process for the Department will be the development of accurate and reliable performance measures to all our major program areas. The Department considers customer service to be an important element of our overall strategic planning process. In that regard, we have developed and implemented customer service standards, conducted customer service surveys and are developing an integrated customer service system.

Finally, we have worked with other agencies such as the Department of Labor and the National Performance Review to further refine our performance measures and implementation plans and we expect to begin in earnest our consultation with Congress and other stakeholders soon.

Thank you, Mr. Chairman.

Mr. HORN. Well, we thank you, Mr. Secretary, for that overall presentation.

[The prepared statement of Mr. Robinson follows:]

DWIGHT P. ROBINSON
DEPUTY SECRETARY

Mr. Chairman, I am pleased to appear before the Subcommittee this morning to discuss the status of HUD's implementation of the Government Performance and Results Act. We believe that this important legislation has, and will continue to, help us better serve our customers by better managing our resources in many ways which I hope will become clear today. This is the reason we have embraced the legislation, in all its components, from the beginning.

The Act requires the establishment of performance objectives and measures for departmental strategic planning. The Act describes the development of a Strategic Plan, a Performance Plan, and a Performance Report. The first of these - the Strategic Plan - is due to Congress on September 30, 1997. Since FY 1994, HUD has used performance reporting to monitor performance of programs. Under the leadership of Secretary Cisneros, we have used the years following the passage of the Act to lay the foundation for a Strategic Plan, making these processes an integral part of the Department's planning and management structure. HUD believes that, in order for a Strategic Plan to be truly strategic in nature, the components should include at least the following: (a) several levels of management, (b) combine performance measures with budgeting of both dollars and human resources, (c) be multi-year and (d) be used as a fundamental tool of management, not just another requirement to fulfill.

One of Secretary Cuomo's objectives is to restore trust in HUD while managing to a downsizing environment. We are integrating our planning system by linking resources, performance measurement and budget decisions.

There are several factors which play a role in this process and I would like to briefly discuss each of these factors which HUD has identified as critical to the strategic planning process. Examples of performance measures from various HUD strategic planning documents have been included as demonstrable examples of our progress.

Performance Reporting

Since FY 1994, we have used technology, by developing an innovative application of the Lotus Notes software to coordinate program and departmental efforts. This application facilitates communication among management levels which is required to make the system work. It also allows for a system based on resource levels that may be utilized by program areas down to the process level.

This innovative application and process has received public acclamation and has been used as a model by several other federal agencies.

Each year, HUD has improved the format to better suit the needs of all levels of management. New fields of data have been added each year to the Lotus Notes database. In FY 1997, we added fields in the database for baseline (number used for comparison), benchmark (target number), source of data, factors (external and internal), budget category, and budget dollar amounts (96 Actual, 97 Estimated and 98 Projected).

Since June 1994, the Office of the CFO has generated a quarterly report to Departmental management. This report, the Secretary's Performance Report, has proven to be an invaluable tool in our strategic planning process. It lists for Departmental management the goals established for the fiscal year, the deadline and the current status. It also has the capability to generate *ad hoc* reports on any of the data contained within the system. From its inception, the Secretary's Performance Report has reflected planning activities and performance measurement.

The quarterly Secretary's Performance Report is presented to and monitored by the Departmental Management Committee. Utilization of these reports for review and discussion has helped make clear to Departmental management their accountability to the Department as it strives to meet HUD's established objectives.

The FY 1997 management plans, incorporating measures agreed upon with OMB, have been integrated into the FY 1997 database. The measures contained in this database will provide the foundation for Departmental management.

Despite these accomplishments, HUD still needs to further heighten awareness and promote the significance of the Act to management. Under the strong leadership of Secretary Cuomo, managers at all levels will have clear responsibility and accountability and performance measures will be reflected in their performance appraisals. Through the strategic planning process, we will be able to improve organizational management to ensure that the Department achieves its mission in efficient, effective ways that satisfy customers.

Annual Performance Plans

Since FY 1994, each Assistant Secretary has developed an annual Performance Plan. Because we began developing these under the guidance contained in the Act in FY 1994, we have had three years to fine tune this process. As with any process, the first year was far from perfect - plans included mostly processes and milestones with a few outputs most of which did not clearly result in established outcomes. Each year, however, we have increased the percentage of outcome objectives, as well as developing more meaningful output measures. In FY 1996, over 13% of the goals in the Secretary's Performance Report were outcome goals, up from 4% the year before

and over 20% of the program goals in FY 1997 are outcome goals.

Integration with Resources: Budget

The FY 1996 Secretary's Performance Report also reflected for the first time measures that had been included with a budget submission. The submission that was developed in August 1994 for FY 1996 contained our first attempt at linking performance measures to the budget. Since FY 1995, the Office of the CFO, together with Policy Development and Research, has facilitated consultations between program areas and OMB as to performance outcomes and indicators to be included in the budget submissions. Our recent budget submission, for FY 1998, has fully integrated performance measures in the justifications for our major programs.

The FY 1998 budget submission for major program areas links outcome oriented performance indicators to resources. We are improving out program cost accounting and will continue to develop the relationship between resources and achievements. By FY 1999, we will fully connect performance measures with all resources, including budget, FTE, program/financial systems and information resources. Efforts to improve the budget process are ongoing. The Secretary recently decided to consolidate budget formulation under the Office of the CFO to better link resources and performance measurement.

The following PIH measure clearly indicates how far HUD has come in linking benchmarking, measurement and budget:

Source: *FY 1998 Budget Submission*
Org/Prog: *PIH/Housing Certificate Fund*
Indicator: *The percent of Section 8 families, with children, who are living in low-poverty census tracts.*
Benchmark: *The benchmark for families living in low poverty census tracts is that, by fiscal year 1998, 40 percent or more of the total Section 8 assisted families would live in low poverty census tracts. The baseline data is being developed by the Department's Office of Policy Development and Research. This performance measurement is dependent on the requested funding for Regional Opportunity Counseling (ROC) program. The main focus of ROC is to expand housing opportunities and deconcentrate the number of families living in high poverty neighborhoods.*

Integration with Resources: Other Resources

For the past two years, the Secretary's Performance Report has included a field

for FTEs linked to specific performance measures. By linking FTEs to each objective, HUD is able to use the mission and goals contained in the Secretary's Performance Report to determine and allocate FTE needs in support of specific program objectives. It must be noted, however, that not all FTEs for the Department can be accounted for within this database.

Customer Service

HUD has made tremendous strides in customer service in the last few years. By improving customer service, we have also had informal consultations with most of our external and internal customers. Among our accomplishments are:

- Customer service standards have been prepared and approved (FY94), and revised (FY96).
- Customer service surveys conducted in various programs/various levels.
- Customer service satisfaction report developed, approved, reviewed by NPR, placed on HUD WEB and FOCUS.

Quality Assurance Plan

We are going to obtain the services of a consultant to aid us in improving upon the quality of our performance measures so that they most accurately reflect the desired outcomes.

The Strategic Plan

Our Strategic Plan will be submitted to OMB by August 15, 1997, and, after review by OMB, will go forward to Congress on September 30, 1997.

The development of program performance plans has been generated from the bottom up. Line managers - who have the operational knowledge as to the needs of our customers - have played a vital role in the strategic planning process. Informal consultations with our customers is ongoing, especially in light of our customer service initiatives as discussed above.

Within the next 60 days, HUD will begin a formal consultative process with not only Congress, but all major stakeholders as identified by program areas. The suggestions and comments of all these groups will be reflected in our Departmental Strategic Plan. Limitations, whether in resources, legislative or otherwise, may prevent

the implementation of some suggestions. However, the Strategic Plan will contain a summary of all suggestions received and an analysis as to actions taken.

We are working closely with a number of other government organizations on strategic planning and compliance with the Act. The Department of Labor's Employment and Training Administration has developed the Workforce Development Performance Measures initiative, in which HUD is participating. The primary purpose of this important initiative is to develop a menu of performance measures with standard definitions for voluntary use by State workforce development systems. Representation includes federal, state and local government as well as community leaders recognized as having expertise as to the needs of specific interest groups effected by these programs.

We are participating in a Performance Measurement Benchmarking consortium under the auspices of the National Performance Review. The purpose of this consortium, made up of over 25 different U.S. federal agencies, two local governments and a foreign government (Canada), is to investigate best practices for performance measurement and report on how leading organizations (both public and private sector) define criteria for selecting a good measure, while exploring the linkages between performance measurement, customer requirements, strategic plans and resource allocations.

In May, when Health and Human Services hosts a discussion on inter-Agency goal setting, HUD will be there to represent the interests of its customers. HUD also participates in a number of smaller groups focused on specific problems related to strategic planning, including the GPRA subcommittee of the CFO Council and the Federal Credit Policy Working Group.

CONCLUSION

Over the next four years, in cooperation with all our stakeholders, including Congress, we hope to continue this progress by planning and implementing a process for integrating strategic planning and customer service by realigning management philosophy and management realities.

Mr. HORN. And we now move to Mr. Dyer.

John Dyer is the Acting Principal Deputy Commissioner for the Social Security Administration.

And you are accompanied by Ms. Carolyn Shearin Jones, the Director of Office of Strategic Management in the Social Security Administration.

So, Mr. Dyer, if you would summarize your statement and give us the high points, we would appreciate it. Anything Ms. Jones would like to add to it, please feel free to.

Mr. DYER. Mr. Chairman and Members of the subcommittee, I am pleased to be here today to discuss how SSA is implementing the Government Performance and Results Act of 1993, or GPRA.

I will be discussing how well SSA is positioned at this time to comply with the law, including what we are doing now to refine our Agency's Strategic Plan before the statutory deadline of September 30, 1997. GPRA includes as one of its primary purposes: improving the confidence of the American people in the capability of the Federal Government.

As one of the handful of Federal agencies whose programs directly and visibly touch the lives of millions of Americans, SSA plays a pivotal role in shaping the public's opinion and we take our responsibility very seriously. SSA has a strong history of doing much of what GPRA requires.

We have always measured the work we do and the way we do it. We have always been attuned to important societal trends that would affect program implementation. We have always been proud of our service orientation and our concern with the needs of our customers.

SSA's 1991 Strategic Plan contains a specific set of service delivery objectives that set forth the level of service, in real numbers, that SSA intended to achieve over a 15-year period. Our efforts to re-engineer the disability process and our improvements in access to our national 800-number have had their roots in the strategic plan.

SSA already tracks a number of workload and performance measures that we, in consultation with the House Appropriations Subcommittee on Labor, Health and Human Services, Education and related agencies, worked out with Chairman John Porter, and the committee staff. Chairman Porter has asked SSA to actually commit to various performance levels in 15 workload and performance measures. We have been working with that committee since the 1995 budget on that process.

We report on what we do. SSA began publishing audited financial statements several years before the law required it. And those statements have evolved into our accountability report. The report, which links program and financial data to establish how well the agency's programs and resources are being managed, is seen as a model of integrated reporting on the operational health of a Federal agency.

Our current leadership environment has used GPRA as an impetus to move the Social Security Administration into a stronger and more productive position of espousing strategic management as a guiding philosophy of the agency. The representation of this philosophy is SSA's yearly business plan, which presents, first, the story

around SSA's budget, including performance targets, the drivers, approaches and enablers of SSA's business strategy; second, an assessment of our business processes and service delivery interfaces and, third, a summary of the objectives and time lines of SSA's key initiatives.

In direct response to GPRA mandates, we are creating a new merit performance construct to ensure that the measures on which we report performance at the highest level reflect the entire range of program and administrative responsibilities. The performance measures and targets will be based on customer and stakeholder input, current performance, resource management strategies, and the agency's own view of its future.

GPRA has inspired us to be more efficient, to use more effective means of identifying where strategic action needs to be taken and to create systems and processes that allow us to evaluate the successes those actions have had in closing performance gaps.

In recent years we have established a cost-benefit analysis methodology to be used agencywide, documented how work in our core business processes is being done to help identify innovation opportunities, and worked with different automated modeling tools to choose the best solutions to operating problems.

The changes which have taken place in the new environment have not just been procedural, of course. Real results are being seen. For example, in 1991, one of our service objectives was to ensure access to a national 800-number system within 24 hours of the time an individual first called. That objective drove plans for certain changes to an 800-number processing, including the use of new technology and more efficient use of staff. However, the input we got directly from our customers made us realize that the standard we were using was not responsive to caller expectations, and we changed our access goal from 24 hours to 5 minutes for 95 percent of our callers in fiscal year 1997. Mr. Chairman, we are at about 95 percent access now.

It is important for us to regularly re-evaluate our vision and strategies. We are using the legislative due date for the GPRA Strategic Plan as an impetus to refine SSA's plans.

We have just held the first of a series of executive discussions to make decisions around key issues facing SSA today and in the future. We plan to use the study of a customer-driven strategic plan sponsored by the National Performance Review for best practices that will help us equal or perhaps exceed the standards set by the best in the business for fulfilling the needs of customers through strategic planning.

We are looking forward to establishing an active dialog with Members of Congress about the future they expect to help build for our agency. We will be finalizing our performance measures and identifying the levels of performance we intend to provide.

In conclusion, Mr. Chairman, we are confident of SSA's ability to implement the full letter and intent of GPRA. We look forward to working with you to address what may be one of the biggest challenges it presents, from changing the definition of success, from what can be counted, to what really counts.

I look forward to answering your questions, Mr. Chairman.

[The prepared statement of Mr. Dyer follows:]

JOHN R. DYER
ACTING PRINCIPAL DEPUTY COMMISSIONER
OF SOCIAL SECURITY

Mr. Chairman and Members of the Subcommittee:

INTRODUCTION

I am pleased to be here today to discuss how SSA is implementing the Government Performance and Results Act of 1993 (GPRA). I will be discussing how SSA is refining our strategic plan to comply with the statutory deadline of September 30, 1997.

What the Law Requires

Before I do so, I will include a few words about the law itself. The GPRA requires Federal agencies to develop and institutionalize processes to plan for the achievement of mission results and to measure and report their level of achievement. Specifically, the law has several major provisions:

- Federal agencies must submit to the Office of Management and Budget (OMB) and Congress, by September 30, 1997, a strategic plan for program activities (covering at least 5 years in the future and to be revised at least every 3 years) that includes:
  - A comprehensive mission statement;
  - General goals and objectives and a description of how they are to be achieved and how they relate to the required performance goals;
  - An identification of key external factors outside agency control that could affect achievement of the goals and objectives;
  - A description of how the agency intends to achieve its goals, including a description of the resources required to do so;
  - A description of the program evaluations used to establish or revise goals and objectives and a schedule for future evaluations.
- Agencies must consult with their chief stakeholders, including the Congress, in the preparation of their strategic plan.
- OMB must require each agency to prepare an annual performance plan covering each program activity in the agency's budget. The plan must include quantifiable and measurable performance goals, describe the resources required to meet them, and identify how agencies will measure their results and then validate their measurements.
- Beginning with a report in March 2000, each agency must prepare and submit to the President and Congress an annual report on program performance for the previous fiscal year.
- OMB was required to set up performance-planning and reporting pilots for fiscal years (FY) 1994-1996.

SSA Support for the GPRA

Having summarized the provisions of the GPRA, I would like to voice my strong support, which echoes *throughout* SSA, for both the spirit and the letter of the law we are talking about at this hearing. The GPRA itself includes as one of its primary purposes "to improve the confidence of the American people in the capability of the Federal Government . . ." We have been pursuing a strategy to increase confidence in our programs. "Confidence" in the context of GPRA is society's very real concern about the government's ability to provide the public good service while it manages their tax dollars wisely. SSA is in a prime position to address this concern. As one of only a small handful of Federal agencies whose programs directly and visibly touch the lives of millions of Americans every day, SSA plays a pivotal role in shaping the public's opinion, and we take our responsibility very seriously. I see the GPRA as a very important--and welcome--tool in our diligent pursuit of creating a government that works better, costs less, and enjoys the unshakable support of the people it was created to serve.

WHY SSA IS IN GOOD SHAPE

SSA provides services to different populations, but our central purpose is essentially singular. And our core business processes, from issuing social security numbers to recording earnings to taking claims, are focused on our achieving that purpose--to make payments of benefits to people entitled under Titles II and XVI of the Social Security Act.

A much greater advantage, though, is SSA's culture, which values many of the concepts that underlie the GPRA. We have a strong history of doing much of what the GPRA requires:

- We have always measured the work we do and the way we do it. We collect information in literally hundreds of data categories, most of them related to inputs, outputs, and various outcomes of our internal processes such as processing times, productivity rates, and numbers of cases pending.

- We have always been attuned to important societal trends that would affect program implementation. This has been so for a number of reasons. Among them is SSA's need for a strong actuarial capability, so that useful projections of program income and expenditures--heavily dependent on such trends as increasing numbers of women in the work force and changing fertility rates--can be made. Another is our responsibility to maintain one of the largest automated data processing operations in the world.

- We have always been proud of our service orientation and our concern with the needs of our customer. Thousands of opportunities daily to interact with the people who use our services have provided us with a good perspective on what makes customers happy. A focused process of program integrity review--conducted to ensure high accuracy of benefit decisions and payments--gives us important data about customer service. And we have been surveying customer satisfaction directly for over 10 years.

- SSA's first strategic plan was published in 1988, and its second and most recent one was published in 1991. Among the most important elements of the 1991 plan was an explicit set of service-delivery objectives that announced the level of service performance--in real

numbers--that SSA intended to achieve over its 15-year strategic horizon. Establishing those objectives and understanding the gaps in performance that we faced led us to pursue many of the operational-improvement strategies that still engage us today. Our critical effort to reengineer the process by which we make initial disability decisions; the vast improvements in access to our 800 number; and the establishment of our Agency-wide client/server architecture all had their roots in the 1991 strategic plan.

- SSA already tracks a number of workload and performance measures at the request of our House Appropriations Subcommittee. During the FY 1996 subcommittee hearing, conducted on March 28, 1995, Chairman John Porter listed 14 workload and performance measures for which he requested a commitment as to the level of service that could be achieved throughout FYs 1995 and 1996 at two alternative funding levels. During the FY 1997 hearing, conducted on April 30, 1996, Congressman Porter discussed SSA's progress in meeting the performance commitments throughout FY 1995, and asked SSA to commit to performance levels for the same measures for FY 1996 and FY 1997 at three alternative funding levels. SSA reports on its actual performance against these measures in its annual Accountability Report.

- We report what we do. SSA began publishing audited financial statements several years before the law required us to do so. Those statements have evolved into our Accountability Report, which today links program and financial data to establish how well the Agency's programs and resources are being managed. The report provides a comprehensive picture of the Agency's performance pursuant to stated goals and objectives as set forth in the Agency strategic plan. Performance measures included in the report tie together resources used with outputs and outcomes and provides appropriations committees a comprehensive picture of how SSA uses its budgetary resources. The Accountability Report is seen as a model of integrated reporting on the operational health of a Federal agency.

THE GPRA/LEADERSHIP COALITION

Perhaps our most important advantage is how the current leadership environment of the Agency has coalesced with the impetus of the GPRA to move SSA into the much stronger, and we believe much more productive, position of espousing *strategic management* as a guiding philosophy for the Agency.

On a practical level, this means that all of the pieces we have had in place, and some new pieces whose importance we have recognized, are now being put together in the Agency to form a system of strategic thinking. We believe that thinking strategically at all levels will help ensure that all activities undertaken at SSA align with our strategic vision and move us toward achieving our strategic goals. The representation of this new thinking is SSA's yearly Business Plan. The Business Plan, published for the first time in FY 1995, is generally known as the "story around the budget." It presents SSA's performance targets for the budget year; the drivers, approach, and enablers of SSA's business strategy; a candid assessment of SSA's business processes and service-delivery interfaces; and a summary of the objectives and time lines of SSA's key initiatives. In doing so, the Business

Plan gathers into a single document evidence of the rigor and creativity with which integrated planning now takes place at Social Security.

A number of specific changes have been made since the introduction of the GPRA to improve how we manage strategically. For one, we "officially" recognized customer expectation as a driver of our strategy, and a focal point for customer service was established in the Office of the Commissioner. Over the last several years, SSA has used a variety of new vehicles to obtain direct customer input, and we are institutionalizing a comprehensive program to ensure that the voice of the customer is heard. Examples of vehicles we have used include focus groups, comment cards, and phone surveys. The customer input has been used as we developed customer service standards and to further inform the Agency's performance measures; it is also helping us create new strategies for process improvement.

In direct response to GPRA mandates, we are creating a new performance measures construct to ensure that the measures on which we report performance at the highest level reflect the entire range of program and administrative responsibilities. It also will help guarantee that the yearly targets we establish accurately portray the intended balance among Agency priorities, thereby guiding tactical planning in a meaningful way. SSA's participation in the GPRA pilots for performance planning was a useful exercise in helping us understand the value of interim targets and the need to expand our stable of "service" objectives. The construct we are establishing for use in planning for the FY 1999 budget and beyond is expected to be a natural evolution from the increasingly comprehensive slates of measures we presented in our pilot plans for FYs 1994 - 1996. The performance measures themselves and the targets being set at present will be based on customer input, current performance, resource-management strategies, and the Agency's own vision of its preferred future.

One of SSA's goals for its strategic management program has been to forge a strong link between planning and budgeting activities. We have been largely successful in creating an environment where decisions made in the Executive planning process drive decisions made in the budget process. To further our aims, however, GPRA is forcing us to continue our drive to link performance targets and resource allocations in such a way that differing levels of performance can be associated with differing levels of resources, thereby facilitating the strategic-decision-making process.

The GPRA has also inspired us to use more effective means of identifying where strategic action needs to be taken and to create systems and processes that allow us to evaluate the success those actions have had in closing the performance gaps. In recent years we have established a cost-benefit analysis methodology to be used Agency-wide; we have documented how work is done in our core business processes to help us identify innovation opportunities; and we are working with various automated modeling tools to help us choose the best solutions to operating problems. Our Planning and Budgeting System has been enhanced in a number of ways; for example, we have instituted a formal investment-review process for critical business initiatives, and we now require every tactical plan to include a plan for evaluating project success.

EXAMPLES OF WHAT THE GPRA/LEADERSHIP COALITION HAS DONE

The changes being wrought in the new environment have not just been procedural, of course; real results are being seen. Let me remind you of some of the things happening at SSA that show what that can mean. First, in 1991, one of our service objectives was to ensure that individuals would be able to access our 800 number system, i.e., avoid a busy signal, within 24 hours of their first attempt to call. That objective drove plans for certain changes to 800-number processing, including the use of new technology and expansion of the units in our processing centers (called "SPIKE" units) who are specially trained so that they can answer the phone on peak days. However, the input we got directly from our customers made us realize that the standard we were using was not responsive to caller expectations. We changed the access goal from 24 hours to 5 minutes for 95 percent of our callers in FY 1997, a dramatic change and a truly s-t-r-e-t-c-h goal. In addition, our new recognition of the value of setting interim targets led us to plan around incremental achievement, which in turn communicated to staff the expectation of an aggressive approach to improvement.

Continuing executive attention to the strategic issues inspired creative solutions to seemingly intractable problems. For example, the mission of two of our three Data Operations Centers, whose work was disappearing due to accomplishments in our earnings processing operation, was changed so that the talents of the personnel there could be diverted to the work of answering the 800 number. In addition, new technology solutions were negotiated with and then developed by our supplier. The bottom line is that, during the last three quarters of FY 1996, individual callers reached SSA's automated response system or entered the queue to speak with a live agent within 5 minutes of their first attempt, with no degradation in service accuracy, courtesy, or responsiveness to other customer expectations.

My second example is the disability redesign project that is currently in its implementation stage. The purpose of the project is to reduce dramatically the time SSA takes to process an initial disability claim (from filing through final Agency adjudication) and to improve the cost-effectiveness of the process we use to do so. That project resulted directly from our new emphasis on evaluation of project benefits based on performance measurement. The need for strategic intervention in the disability claims process was recognized and called for in the 1991 strategic plan (again, based on analysis of the performance gap between then-current case-processing times and the processing times we set as our objective). Programs for improving the disability and appeals processes were identified in the plan as two of SSA's strategic priorities.

However, plans to achieve the performance goals were created based on an intuitive, albeit knowledgeable, understanding of the impact they would have on processing times. Later analysis, prompted by a strong desire to succeed and supported by the spirit of GPRA and the current leadership, showed us that the plans so carefully laid out would not get us where we needed to be in the time frames we required. So, in late 1993 a very difficult decision was reached: to reengineer the disability process. SSA consciously decided that the object of reengineering was not to change the disability program through changes in the law, but rather to improve our administrative process in a way that would make it easier for individuals to file for and, if eligible, receive disability benefits promptly and efficiently, and minimize the need for appeals. The decision was difficult because reengineering--in which one must take a "tear-it-down-and-start-over" attitude toward what is regarded as a "broken" process--is a radical approach, and it was at that time completely new to

SSA. It was also a difficult decision because we knew that such a major initiative would require many staff hours and much management energy that would normally be devoted to other activity.

WHAT WE ARE DOING NOW

The 1991 strategic plan and 1997 business plan that SSA has already prepared present a cohesive vision of SSA's current strategies for the future. They also describe the major initiatives we have planned or that are under way to achieve that vision and tell the story of how SSA intends to fill gaps in performance we have identified as critical to accomplishing our mission. Together, these pre-GPRA documents meet almost all of the basic elements that GPRA requires.

Still, it is important for us to regularly revalidate what our vision and strategies are, and we are using the legislated due date for a GPRA strategic plan as the impetus to refine SSA's plans. We are increasing participation of our customers and stakeholders in ensuring that the mission, goals, values, and activities that exist today are the ones we still wish to embrace for the future. To this end, we are looking forward to establishing an active dialogue with Members of Congress about the future they expect to help build for our Agency, as we continue our mission to administer arguably the most important domestic social program of modern history. We will also be finalizing the performance measures construct for the future and identifying levels of performance we intend to provide. The new construct will have a stronger focus on outcomes and better reflect a customer perspective.

We have just held the first of what we expect will be a series of executive discussions to identify and make decisions around the key issues facing SSA today and into the future. The results of these efforts will be Agency agreement on our highest priorities, alignment of our performance measures and targets with those priorities and mission requirements, identification of new approaches to integrate the strategic plan with implementation activities such as operational planning and budgeting, and, as required, a refined strategic plan and annual performance plan for FY 1999.

We have just received our copy of the study of customer-driven strategic planning, sponsored by the National Performance Review, in which SSA and 15 other agencies participated. We will be looking in it for best practices that will help us equal, and perhaps exceed, the standards set by the best in business for understanding, anticipating, and fulfilling the needs of their customers through an active process of strategic management. We intend to adapt and adopt in our strategic management process whatever practices promise us that outcome.

CONCLUSION

Implementing the full letter and intent of the GPRA is a challenge we welcome at SSA. We are confident in our ability to implement it. More important, because we believe in the principles of management it encompasses, because we adhere to the principles of public trust it upholds, and because we believe that SSA truly personifies "the government" to millions of Americans, we pledge our commitment to making it work. We look forward to working with you to address what may be one of the biggest challenges of the GPRA: changing the definition of "success" from "what can be counted" to "what really counts."

Mr. HORN. I thank you very much, Mr. Dyer.

Ms. Jones, would you like to add anything else to that statement?

Ms. JONES. No.

Thank you, Mr. Chairman.

Mr. HORN. We will now go to the Acting Deputy Chief, of the Programs and Legislation Department of the U.S. Department of Agriculture Forest Service, Mr. Ron Stewart.

Mr. STEWART. Thank you, Mr. Chairman and members of the subcommittee. I am pleased to be here this morning to discuss with you briefly the implementation of the Government Performance and Results Act, or GPRA, within the Forest Service.

I am also accompanied by Ann Loose who is the Assistant Director of Program Development and Budget, who is our agency expert in GPRA, and she is sitting behind me if we get into any kind of detailed questions.

Results-based accountability is the heart of GPRA. Our experience with GPRA to date has helped us better link strategic planning to on-the-ground yearly activities and outcomes through our budgeting process, through monitoring and evaluation and ultimately through reporting, using both the annual performance plan and the performance report.

The Forest Service was a pilot agency under GPRA, and as such we produced pilot performance plans beginning in fiscal year 1994. This has been an iterative process and we continue to improve each pilot plan based on what we have learned in the prior years.

We have incorporated the GPRA reporting requirements into the annual report of the Forest Service, and we are in the process of incorporating GPRA into our budget process. Our efforts as a pilot agency have been reported as part of USDA testimony before this subcommittee in June 1995.

The Forest Service has been in a unique position in implementing GPRA in that we have a long history of preparing strategic plans on a 5-year interval since 1974, as part of the Secretary's recommended resource program and then preparing annual reports of accomplishment as part of the Forest and Rangeland Renewable Resources Planning Act of 1974, also known as RPA.

We have been able to capitalize on this prior experience in our implementation of GPRA.

Our initial approach for the GPRA Strategic Plan was to incorporate the GPRA requirements into the Secretary's draft RPA program. This program was published in October 1995, and when it was reviewed by the Office of Management and Budget, it was determined that while it contained all of the information that was needed to meet GPRA's strategic plan requirements, they were not organized in a way that was easy to understand and so, therefore, we have currently gone to parallel approaches. We have two documents, or will have two documents, one which will be the Secretary's recommended RPA program and the other will be the GPRA Strategic Plan.

These will have the same basic content and will have the same strategic direction, but one will be specifically tailored toward the RPA requirements and the second one toward the GPRA requirements so that they will be easy to understand.

One of the strengths of approaching GPRA using the Resource Planning Act plan is that RPA requires a significant amount of public involvement. We have had two national focus group meetings which included participation by congressional staff, conservation and commodity groups, professional organizations, Federal, State and local agencies and organizations, tribal governments, and representatives of local, regional and national groups and organizations. These meetings were designed to provide a forum for the early identification of issues.

Once the draft RPA program was prepared, a 90-day comment period began, and this was in October 1995. At the request of Members of Congress, a second 30-day comment period took place in May 1996. During that public comment period, we held six regional listening sessions and a series of briefings here in Washington, DC. As a result of our outreach to the public, we received 1,500 comments.

In addition to this, we have participated in two congressional oversight hearings and a number of individual briefings have been given on the draft RPA program for both House and Senate staff. Although not required by GPRA, we have decided to complete a performance plan for fiscal year 1998 as a dry run in preparation for 1999.

The draft 1998 performance plan contains specific quantified performance goals and associated performance indicators which will allow us to measure levels of accomplishment. The plan also displays baseline and historic trend data on performance indicators.

We have already begun the budget formulation process for fiscal year 1999. The agency's strategic goals, fiscal year 1998 annual performance goals and the fiscal 1998 President's budget have all formed the starting point in preparation for the 1999 budget discussions.

The end products of this will be an agency request and associated performance plan which will be submitted to the Department with the agency request and then to the Office of Management and Budget. Once the President's budget is finalized, the performance plan will be revised, the budget justifications written and both sent to Congress with the President's budget.

Once we receive an appropriation, the performance plan will be adjusted and the goals and accomplishments disaggregated to our field offices as part of their budget allocation. Accomplishments will be tracked during the course of the fiscal year and reported in the annual report of the Forest Service for fiscal year 1999.

I am proud to say that we have been recognized for our leadership in implementing GPRA. The USDA Office of Inspector General rated our fiscal year 1996 performance plan as the best in USDA, and in a 1995 review, the Government Accounting Office used us as an example of their best practices studies.

Mr. Chairman, the Forest Service believes that GPRA is an excellent tool. It helps us use our limited resources effectively by tiering from our mission through strategic goals and objectives to annual performance goals associated with our budget. We are able to clearly articulate our relationships and present a compelling case for our programs.

GPRA helps us to focus the debate on accountability and the agency outputs with our public and with Congress.

This concludes my statement, and I would be pleased to answer any questions you might have.

[The prepared statement of Mr. Stewart follows:]

FINAL

STATEMENT OF
RON STEWART, ACTING DEPUTY CHIEF, PROGRAMS AND LEGISLATION
FOREST SERVICE
UNITED STATES DEPARTMENT OF AGRICULTURE

Before the
Subcommittee on Government Management, Information, and Technology, Committee on Government Reform and Oversight
United States House of Representatives

Concerning Implementation of the Government Performance and Results Act (GPRA) in the USDA Forest Service

March 10, 1997

MR. CHAIRMAN AND MEMBERS OF THE SUBCOMMITTEE:

I am honored to be here today to discuss the implementation of the Government Performance and Results Act of 1993 (GPRA) in the USDA Forest Service. I am accompanied by Ann Loose, Assistant Director, Program Development and Budget, who is our agency expert on GPRA.

Accountability, based on results, is the heart of GPRA. GPRA has helped us to better link strategic planning to on-the-ground activities and outcomes through budgeting, monitoring and evaluation, and reporting. GPRA is helping us streamline processes and focus efforts in a time of limited budgets.

The Forest Service was pleased to be a pilot agency under the GPRA. To date, we have produced pilot performance plans for Fiscal Years 1994 through 1997. We improved each pilot plan based on what we learned in each prior plan. We incorporated GPRA reporting requirements into the Annual Report of the Forest Service and we are incorporating GPRA into our budget process. Our efforts as a pilot agency were featured in USDA testimony before this Subcommittee in June of 1995.

GPRA and RPA Efforts

The Forest Service has been in a unique position in implementing GPRA. We have been preparing strategic plans (the Secretary's Recommended Program) every five years since 1974 and preparing annual reports of accomplishments (Annual Report of the Forest Service) under the Forest and Rangeland Renewable Resources Planning Act of 1974 (RPA). We have been able to capitalize on this prior experience in implementing GPRA.

The Forest Service mission is "Caring for the Land and Serving People". The agency's three strategic goals as articulated in the GPRA strategic plan tier from the mission statement. The strategic goals are: Protect and Restore Ecosystems; Provide Multiple Benefits for People Within the Capabilities of Ecosystems; and Ensure Organizational Effectiveness. Each of these strategic goals are further divided into several objectives

or "tactical" goals. The strategic goals and objectives are tiered, in the annual performance plan, to the annual performance goals associated with the budget structure, thus providing the link to the budget. We will evaluate by monitoring program results on an annual basis and on a longer term basis for strategic goals and outcomes. The GPRA strategic plan is currently under review by USDA.

Our initial approach for the GPRA strategic plan was to incorporate the GPRA requirements into the Secretary's RPA Program. The Draft RPA Program was published in October 1995, and a review by Office of Management and Budget (OMB) determined that while it contained information that met the GPRA strategic plan requirements, a more compact plan would be desirable. The RPA document contains information beyond the requirements of GPRA. As a result, we revised our original approach and now plan to have two documents: one that is specifically tailored to meet USDA GPRA requirements, and a second which reflects RPA requirements. The basic content of both documents will remain the same. The two documents will differ in format and in some specifics necessary to meet the different requirements of the two laws.

Public Involvement and Congressional Consultation

One of the strengths of approaching GPRA using the Forest Service RPA Plan is the significant amount of public involvement in the development of RPA. Two national focus group meetings were held at the beginning of the process and included participation by Congressional staff, conservation and commodity groups, professional organizations, Federal, State and local agencies and organizations, Tribal governments, and representatives of local, regional and national groups and organizations representing women and people of color. These meetings were designed to provide a forum for the early identification of issues that would be considered in preparing the Draft RPA Program.

A 90-day comment period on the Draft RPA Program was opened in October 1995. At the request of members of Congress, a second 30-day comment period took place during May 1996. Six regional listening sessions were held during the public comment period and a series of briefings were also held in Washington DC. We received over 1,500 comments. In addition, we participated in two congressional oversight hearings and have given a number of individual briefings on the Draft RPA Program for House and Senate staff.

Current and Future Efforts

Although not required by GPRA, we decided to complete a performance plan for Fiscal Year 1998 as a "dry-run" for Fiscal Year 1999. The draft Fiscal Year 1998 performance plan contains specific quantified performance goals and associated performance indicators which will allow us to measure levels of accomplishment. The plan also displays baseline and historic trend data on the performance indicators. The plan also describes why achievement of annual goals will lead to achievement of tactical goals and eventually to achievement of strategic goals.

We have already begun the budget formulation process for Fiscal Year 1999. The agency strategic goals, Fiscal Year 1998 annual performance goals and Fiscal Year 1998 President's Budget have formed the starting point for Fiscal Year 1999 budget discussions. The end products will be an Agency Request and associated performance plan which will be submitted to the Department with the Agency Request and then to the Office of Management and Budget. Once the President's budget is finalized, the performance plan will be revised, the budget justifications written and both sent to Congress with the President's Budget.

Once we receive an appropriation, the performance plan will be adjusted and the goals and accomplishments disaggregated to our

field offices as part of their budget allocation. Accomplishments will be tracked during the course of the fiscal year and reported in the Annual Report of the Forest Service for Fiscal Year 1999. The Forest Service has been reporting GPRA related accomplishments since Fiscal Year 1994.

Conclusion

I am proud to say we have been recognized for our leadership in implementing GPRA. The USDA Office of Inspector General rated our Fiscal Year 1996 performance plan as the best in USDA in a 1995 review and the Government Accounting Office used us as an example in their "Best Practices" studies.

Mr. Chairman, the Forest Service believes that GPRA is an excellent tool. It will help us use our limited resources effectively. By tiering from our mission through strategic goals and objectives to annual program goals associated with our budget, we are able to clearly articulate relationships and present a compelling case for our programs. GPRA helps us to focus the debate on accountability and agency outputs with our publics and with the Congress.

This concludes my statement. I would be happy to answer your questions.

Mr. HORN. Thank you very much, Dr. Stewart.

Without objection, the biographies of all of our panelists will be put in the record after they have been introduced and before the summary of their statement. We have a rather distinguished group of public servants before us and we are delighted you could make it to this hearing. You all have splendid records, which I had the opportunity to review.

[Note.—The biographies referred to can be found in subcommittee files.]

Mr. HORN. Let me now yield the first 10 minutes to the vice chairman of the subcommittee, Mr. Sessions of Texas.

Mr. SESSIONS. Mr. Chairman, thank you.

Thank you to each one of you panel members for being here today. We appreciate your service.

It sounds that if we looked at what you submitted here, we should have no questions, we should go home and know that everything is going to work right.

But with that said, I am going to take just a few minutes, if I can.

Dr. Stewart, I would like to think back to your words at the very end. You talked about accountability and probably, we could write down a lot of words to get to where we want, but it really is accountability.

But I would like to direct my comments, if I could, to Secretary Robinson and Mr. Dyer at this point.

I am looking at the GPRA book that came out by GAO in trying to look at—I am on page 12, where it talks about defining the mission and desired outcomes. And so my question, Secretary Robinson, is, as we look at desired outcomes, is your agency looking at problems?

I heard you mention customer service, attention to the needs of the public, even mission statement. But are you going in and looking at the problems that are and have been and are inherent within the agency?

Mr. ROBINSON. Without question, Mr. Sessions.

We have had, in fact, over the past 4 years, under the leadership of Secretary Cisneros looked at our organization and our programs across the board and been as critical as anybody in terms of how they work and what they produce in terms of service to the American people.

We have proposed, as you know, over time, a number of renovations, changes, transformations of the Department. We are committed to continuing that under Secretary Cuomo. He said both in his confirmation speech and in our budget roll-out that his priorities fall into line with that.

And so as we put together our programs and objectives under GPRA, which, by the way, we have been doing for the last 4 years in terms of performance management of the organization, while what we have been accomplishing, in my opinion, have been baby steps toward our goals, focusing not only on customer service and the things that I spoke to in my testimony, but also on the problems of the organization and our accountability for the results across the country.

Mr. SESSIONS. Does that ever lead one, let's say, Secretary Cuomo, to believe that at some point the accountability would mean that someone would be cutoff from money or from budget or from something?

Is this true accountability, if you don't perform we are not going to give you any money; we will not reward anything that you are doing? And likewise, do you think it would lead to a discussion of those areas that are doing well seeing that they get less scrutiny and more pats on the back?

So, in other words, this process is going to lead you to doing something about the problem areas and then encouraging those proper things?

Mr. ROBINSON. Well, Mr. Sessions, I would characterize it as continuing to do things in terms of what the record shows over the last 4 years under Secretary Cisneros and what Secretary Cuomo wants to accomplish.

Just this past Friday, Secretary Cuomo conducted a review of our empowerment zones and enterprise communities and he pointed out in his comments that those who have made progress, we support that and we are going to work with them, and those who haven't, we are going to work with them, but he said he had no problems, if people didn't make progress, with the dire need for very limited resources and funds to moving those dollars to where it might be used better.

So I think there is no question about that on the record from the Secretary just this past Friday.

Beyond that, as we look toward making changes for those people who are performing and accountability—you mentioned how accountability would work. We are proposing in legislation again this year that we continue our efforts at deregulating public housing.

There are certainly those public housing agencies out there across the country well-documented, who are poor performers, but there are likewise lots of public housing agencies that are doing a good job, and what we want to do is deregulate them and allow them to do the job that they do best at the local level. And that's been part of our legislative proposals in the past, and we are going to continue that as we move forward this year.

Mr. SESSIONS. Good, and I think that that is good that we encourage those people who are doing the right thing.

Let me ask you a question then about how you think Congress should look at GPRA and how you report versus—and I have got your annual—semiannual report to Congress, September 30, 1996, before me. And I have gone through and seen, without a fine-tooth comb, problem area after problem area.

Should Congress, if we look at what you are doing, from the agency where you are talking to every single housing entity within the given cities, should we say that if after you have done all you can do as an agency, you have given them assistance, you have warned them, you have tried to prod them into doing the right thing, should we then as a Congress come and say that we will take out specific money?

Mr. ROBINSON. What we are proposing in our legislation is that while we work with people, those troubled public housing agencies as an example, as we work with people over time and try to assist

them, and we have had unprecedented involvement on the part of HUD over the past 3 or 4 years in cities like Chicago, New Orleans, San Francisco, Philadelphia and Detroit across the country, and we have seen real progress in those areas, but in some of those areas where we have not been able to make progress, we are suggesting that there be more accountability in terms of takeover, judicial takeover, as we have seen here in Washington, DC.

One of the reasons that we do not move forward in a very aggressive way in terms of taking back or lining out the dollars is that we don't want to remove all the services to the poorest people in our community in terms of their needs. And so from our perspective, if the public housing agencies can't get their act together is that there are ways of dealing with that, and we have demonstrated over the past several years our commitment to doing that, and Secretary Cuomo is committed to doing that. And that's in the legislation that we are introducing now.

Mr. SESSIONS. Good.

Mr. Robinson, I guess you have hit the essence of what we have talked about, and that is good money that taxpayers have provided for the right purposes that are intended to help the people who need it most, is our effort.

Mr. ROBINSON. Yes.

Mr. SESSIONS. That's what I think all taxpayers are after. But I believe that part of this process should mean that we expect results, and I can tell you from at least my own perspective, that we must get those actions, we must have accountability, or I am in favor of simply not giving out the money if it's going to be wasted.

So I would hope that internally that this is not—it's not Pete Sessions saying this, I think you already feel this pressure under yourself, but I hope that there is a real discussion that goes forth from what you present to Congress about problem areas and how you are trying to resolve it to where these people who are in these various areas that have had problems producing and doing the right thing, that they will know that some punitive action could take place from within your agency.

Mr. ROBINSON. Mr. Sessions, I would agree, and we don't always agree on either side of the aisle, but I can say that from HUD's perspective we have moved forward I think aggressively in putting forth not only legislation, but changes in the way we operate in terms of the programs that we deal with under Secretary Cisneros, and Secretary Cuomo is committed to continuing that; in fact, heightening that in his priority.

We have done that in our budget and we will continue to do so in terms of what we do as we put forth our legislative packages and that will continue as we deal with how we run the agency utilizing GPRA.

Mr. SESSIONS. Good. Well, I will look forward to seeing that because I know Secretary Cisneros and Secretary Cuomo are dedicated to this function. I will be watching with great interest to see how that is involved in your planning statements through GPRA.

Now, if I could go to Mr. Dyer, please, and then I will be very brief. Essentially along the same lines, probably the easiest one to talk about is SSI. That has been a big problem, I believe, in not only administering, but making sure that accountability is there.

Do you believe that within your agency, with what you will be submitting, that you are getting to the heart of your problems and how to resolve them?

Mr. DYER. Yes, sir.

Mr. Sessions, as you know, in the SSI, we were just put by GAO on the high-risk list——

Mr. SESSIONS. Yes.

Mr. DYER [continuing]. Over concerns about how it is being managed.

For the record, I would like to say that several of the items that the General Accounting Office identified were areas that we had been working on and identified ourselves. In fact, many of them we have worked with the Congress on.

For one, we have been looking at how to review who is on the rolls. And with the Congress we were able to get through legislation last year that allows us to do what we call continuing disability reviews, which is actually to go back and review the medical histories of the people to see if those on our rolls should continue to receive support.

As a result of what we worked out with the Congress, we will be going from doing less than about 100,000 reviews 2 years ago to, in the next 2 years, over a million a year. So we expect to be able to review everybody at least once every 3 years. People who have certain kinds of medical issues that we think should recover quickly we will review on almost a yearly basis. So, yes, we have looked at problems. We have dealt with them.

In terms of our strategic planning and where we are headed, we have identified issues which we are working on and we plan to address several others that were identified by GAO and ourselves.

Getting back to your question of accountability, we do view ourselves as accountable to the American people and if we find that funds are not going where they should be or not being used properly, we are addressing it.

Second, we plan, through our strategic plan, to increase our investments in some research areas and some policy-analysis areas to further be in the position to have good discussions with the Congress, and with the executive branch as to what other actions we may need to take.

Mr. SESSIONS. Good. Thank you.

The comments that I have directed to both of you today have a lot to do, in my mind, with how we should look at what is presented at the end of September, and how it should be a road map to the Congress to be able to work with the agencies on a going-forward basis. I think that's one of the things that we are going to have to struggle with, particularly in this committee, Mr. Chairman, looking at them, knowing that what you said you want to achieve, but then how do we hold you accountable then also?

And so I hope that you will continue to make us aware on a going-forward basis what you are doing to hold your groups accountable, your offices and other people that you work with, and likewise how we should hold you accountable also.

Thank you, Mr. Chairman.

Mr. HORN. I thank you, and we will have another round. I yield 12 minutes to Mr. Davis, the gentleman from Virginia.

Mr. DAVIS OF VIRGINIA. Thank you, Mr. Chairman.

I have got a series of questions for Mr. Robinson. Mr. Robinson, let me just start by saying out in Fairfax, where I was on the county board for 15 years, I helped start the first shelter for the homeless; we did several senior housing projects that I was instrumental in setting up; many times we went without any Federal funding at all because I found the Federal regulations and rules and everything to be much more costly and not to give us the desired result of trying to give affordable housing to senior citizens.

I was also co-author of a Statewide ordinance that mandates developers build a percent of affordable housing as part of new housing developments. So I would yield to anybody in terms of a commitment to try to get affordable housing.

But, frankly—and this predates you so it's not personal at all, but I think HUD has been just not very effective in the way they have gone about things. You need to re-examine and start looking outside the box. You have talked about that earlier and I share Mr. Sessions, some of his concerns, because there is a problem out there I want to help solve.

As you know, the act talks about discussions with stakeholders in the various departments. What stakeholders have you either consulted with or, I guess solicited comments from in your performance plans? Do you have an ongoing dialog or do you consult on an ad hoc basis? What is HUD doing about that?

Mr. ROBINSON. First, Mr. Davis, let me say that I am very well aware of the efforts that you personally made and the renowned efforts that Fairfax County has made in housing over the years, and I am proud to say I am a resident of Fairfax County. But having said that, let me suggest that in reviewing the stakeholder—working with stakeholders under GPRA, we have actually brought together all of the constituency groups that we deal with on a regular basis to deal with not only the issues of HUD but how HUD is transformed in getting its mission accomplished.

We have done that now for the past 2 years, first with a document we call Blueprint 1, under Secretary Cisneros, and the second document was called Blueprint 2, both aimed programmatically and operationally at transforming the Department and providing increasingly more flexibility to the stakeholders out there.

So I would agree with you, the chairman mentioned my résumé, and if you have read it you know I have been involved in housing for more than 20 years, and I would agree with you in terms of HUD's overall performance. But we think that we have made significant progress not only in how we run the program, but the results that we are getting and what we are projecting for the future.

And I would note, as an add-on, that Secretary Cuomo understands and has stated very specifically that he does not see a difference between our mission for our programs and what we manage. And so bringing those two things together, I think, will get the outcome that we are looking for, not only under GPRA, but how we do our business across the board. So we have reached out to all of our stakeholders, I am talking about tenant groups, ownership groups, management groups, local government groups, State groups, congressional groups, in both a formal and informal way, and we expect to continue that.

Mr. DAVIS OF VIRGINIA. OK.

Let me just reiterate, I think talking to some of the local governments involved in this who are dealing with us on a day-to-day basis, in many cases, it can be very illuminating because we share the same goals and the same mission statement, and we are partners in this. Sometimes the best—I certainly have authored some programs in the county with best of intentions, that didn't work out very well, and you just have to be honest when they don't work out, have this dialog and put the egos aside and move on. I think that's where we are right now, with HUD.

I am not one of those who favors abolishing the agency because things haven't worked out. It's a great opportunity, may be the last chance. So this act, I think, gives us an opportunity to try to work together, reformulate a strategy together, the Congress and the administration, and the stakeholders and try to move on from there.

Have you asked any organizations to help you with developing outcome measures at this point?

Mr. ROBINSON. We have not asked any particular organization on the development of the measures themselves. We expect to do that but, quite frankly, while we think we have made progress, we have got to get much better in terms of the development of measures.

And as I heard the discussion earlier today, the culture is, of course, output: How many of these, how many of that? And to turn to accountability in terms of outcome is a culture shift, I think for the whole Government and certainly for HUD; I can speak of HUD. So we are moving in that direction. It's incremental, but I think progress is being had.

Mr. DAVIS OF VIRGINIA. OK. I don't mean to dis the other members on the panel, but out in Prince William Forest, which is working well—not a lot of agriculture—but I want to focus on housing here just because it has been so important to me. And I think this act gives us an opportunity to make some revisions in current policy on a bipartisan, if you will, both ends of Pennsylvania Avenue, everybody working together, and that's something that's been missing.

Have you consulted, Mr. Robinson, with other Federal agencies to make sure that you and they are treating similar programs in a comparable manner, and who are you working with on that if you are doing it?

Mr. ROBINSON. Well, we have a number of opportunities for consultation. You mentioned one, the CFO council, where we meet with CFO officers from all organizations.

I am a member of the Presidential Management Committee which is run primarily through OMB, where we meet with deputy secretaries from all of the agencies in Government, and like committees of that sort. But we have specific consultations that we have undertaken, mostly through NPR, with HHS, with welfare reform being a major part of what's going on and housing being a piece of that.

We certainly are working with them. We have been working with the Treasury Department in terms of affordable housing, how financing works and what the outcomes might be. Those are two that come to mind.

Mr. DAVIS OF VIRGINIA. I was going to ask one other question, going back to a couple of questions before. In the stakeholders, have you talked with the construction people who are building these units and the financing people as well? Are they part of the stakeholders that you talked with in this case and ask for their input?

Mr. ROBINSON. It's interesting. We held a couple of sessions, large sessions, about a year ago, we looked at design and how you build affordable housing across the country. Secretary Cisneros was very much interested in understanding the relationship between design and how things are put together and how its longevity was impacted and how it was able to serve public housing and affordable housing across the country. So the answer to your question is, yes.

Mr. DAVIS OF VIRGINIA. OK. Now in testimony to the Subcommittee on Human Resources on March 6th, the IG of HUD referred to the Semi-Annual Report of the Congress that the Office of Inspector General of the U.S. Department of Housing and Urban Development issued on September 30, 1996. The report stated that despite improvement in some aspects of HUD's performance, HUD's capability to perform is limited by three fundamental issues that have gone unaddressed and can be expected to become more serious over the next few years.

These are the number and the very types of HUD programs or initiatives that are significantly out of balance with the capability of the constantly dwindling HUD staff to carry out the program initiatives.

Second, various components of HUD, especially the Office of Public and Indian Housing and the Office of Multifamily Housing are not equipped to provide reasonable stewardship over taxpayer funds expended for their program.

And third, HUD's avowed commitment to a place-based program delivery approach is, in important respects, inconsistent with HUD's organization and authorities which follow discrete HUD program lines.

Now, the IG suggested that a narrower, more precise definition of HUD's mission would help in the first instance, but would require a major shifting of authorities within the Department. She also suggested that development of systems that accurately measure program performance rather than just regulatory compliance were crucial, especially considering that HUD doesn't have the capability to carefully monitor all aspects of the huge program it has.

How would you respond to those points?

Mr. ROBINSON. Well, we respond in this way, Mr. Davis: Clearly, the IG has touched on a number of areas that have been ongoing problems within the Department of Housing and Urban Development, the problems that we believe and issues that we believe that we have begun to address over the past 4 years and will continue to do so.

If I could go through them one at a time?

Mr. DAVIS OF VIRGINIA. Sure.

Mr. ROBINSON. No. 1, the number of programs, clearly we agree that the mission of the Department and the number of programs that it operates should be refocused, and we have documented that

desire to refocus and reduce the number of programs, both in the two blueprints that I mentioned and in legislation that both we have written and supported, that was in the Congress last year.

We will continue to document that in our congressional proposals that we are proposing this year in terms of the number of programs that the Department operates.

Second, as far as Public and Indian Housing and the Multifamily Affordable Housing programs in what she refers to as—I call it the lack of talent—to keep up with the ever-changing and fast-paced world, a very complicated world, of Multi-Family Housing Development and Finance, clearly we have had difficulty maintaining appropriate talent in that area.

I believe that FHA Commissioner Retsinas has made major steps in that regard primarily through securing private and contractors to help us out—to help HUD out in securing the kind of information that we need, and more than that we have created swat teams across the country that will go in and focus in on the mismanagement of multi-family housing across the country.

And then last, as far as the place-based approach is concerned, we would disagree with the IG. We believe that place-based is very important to us because we actually operate in places out there across the country, and what we want to do is have HUD resources be responsive to folks in the local areas and understand what's going on in the local areas and not necessarily have monitors with the one-size-fits-all attitude back here in Washington, DC.

Mr. DAVIS OF VIRGINIA. I think when you boil all of these down, and, Mr. Chairman, I will turn it back over to you, is that you are in a changing era with limited resources. You are still trying to do too many things. And this is a good focus point for you, this whole exercise now, of trying to keep that mission and focus what we can do well with existing resources, and we are all counting on you and want to work with you to make that accomplished.

I appreciate what you are trying to do, and don't look at us as the enemy here. We share the same commitment that you do and want to work with you to make it come about.

Mr. ROBINSON. Thank you, sir.

Mr. HORN. I thank the gentleman for his excellent questions. We will have a series of questions, so we don't detain you here this morning, if you don't mind, you are all under oath, and the responses, just if you would submit them, and we will put them in the record at the relevant places. Some of them are elaboration, Mr. Secretary, on the Inspector General's reports and so forth.

Let me ask Mr. Stewart a few questions.

We don't want you to feel that you are overlooked here.

How much is the budget now of the Forest Service in a typical year, either the one just completed or the one now? What's your budget basically?

Mr. STEWART. Roughly, $2.3 billion for fiscal year 1998.

Mr. HORN. $2.3 billion.

How much do you return to the Treasury as a result of your logging operations and your assistance to logging operations?

Mr. STEWART. I don't have the number available offhand. I can certainly submit it for the record.

Mr. HORN. Could we submit it for the record at this point?

Mr. STEWART. Be glad to.

[The information referred to follows:]

In 1995, $27.9 million in timber receipts were returned to the Treasury.

Mr. HORN. I am interested in the degree to which the Forest Service, in looking at its vast resources throughout the country, is looking at options as to its present mission. For example, I think historically the Forest Service has been obviously able to preserve this great resource around the country, manage it correctly and make it available in most cases, to private timber in terms of logging operations, some of which are beneficial to the forest—I know there are arguments on this in the environmental community—and some of which aren't.

But one major option comes up, and that is to what degree should the U.S. Forest Service and its national forests be involved in recreation as opposed to growing trees for the purposes of logging? Now, you can do both. Obviously, it depends on the analysis of the particular forest involved.

What's your feeling on that and to what degree is that goal becoming part of the Government Performance and Results Act as far as the Forest Service is concerned?

Mr. STEWART. Mr. Horn, I would say that one of the things or three consistent comments that came out of our public involvement on the draft RPA program is people in general are asking for greater emphasis within the Forest Service on protection of the environment as opposed to development.

They agreed either with just sort of the broad, general direction that we have identified in the draft RPA program or they have at least agreed with specific components of that program. But the crux is, many of them say that they want a more obvious statement of our multiple-use mandate and what that means.

As you know, we are mandated to have a broad multiple-use of the National Forest and that includes commodity and noncommodity uses, recreation being one of those. Certainly recreation is a key one. We are the largest recreation provider, I believe, of all the Federal agencies at this point in time. It has always been very important to us throughout our history.

Mr. HORN. That includes the National Park Service, I assume, as a comparison. Do you base that on the number of people that access the forest for recreation or those campsites primarily, or what's the measurement there?

Mr. STEWART. We use a measurement called Recreation Visitor Days, RVDs, and it is based on—I believe it's a visit of one person for an 8-hour period, so it's not just a passing through. It's on a sample basis. And it is developed and disbursed in campgrounds as well as hiking and people driving through, it takes a number of those to account for one Recreation Visitor Day.

But the focus of the debate is not on the multiple-use mandate but on interpretation of it and how much emphasis should go into commodity versus noncommodity programs. And it clearly has become a key of the discussions we have been having within the agency as part of GPRA and as part of developing the RPA plan, the Secretary's recommended program. So in answer to your question, yes, it is playing very heavily in that discussion.

I believe the agency is going to continue to support a multiple-use mandate, not eliminating any of the uses, but I do see the possibility that there will be shifts.

I think, depending on who you talk to, and depending on whether you are in a local community or you are talking at a national level, there is a great deal of difference in opinion about what that mix ought to be.

I would say, generally, in local communities that are dependent upon the local national forest, they tend to want to focus on commodity development. As you move away from those forests, people tend to focus on noncommodity, the visual assets, wildlife and so forth, and those are all important to our mission. So this debate is helping us try and formulate what that mix ought to be, but I do believe that we are going to end up supporting the multiple-use mandate, and generally the public does.

Mr. HORN. Noting your comment on the number of people that pass through a forest, I have to ask you the question: Are there any national forests where an interstate highway or a major thoroughfare goes through the forest?

Mr. STEWART. I am familiar with one. I came from California, and the main interstate out of L.A. going east goes actually on the border between the San Bernardino and Angeles National Forest.

Mr. HORN. So conceivably, one could count the traffic there and, say, divide 8 hours in the number of minutes and come up with some conclusion? I am just curious.

Mr. STEWART. I would like to believe we use a little common sense on that one.

Mr. HORN. Yes, because I think those measures can make a lot of us nervous, shall we say.

I am interested in the degree to which the Inspector General's comments have been taken serious by the Forest Service. I looked at one of his comments on the financial statements that got his adverse opinion from the auditors apparently, and this means that the auditors found the financial information provided in the report to be unreliable, in other words not accurate.

How does the inability to provide accurate financial information affect your ability to implement the Government Performance and Results Act? Is that a major problem?

Mr. STEWART. Yes, it is Mr. Horn. And, in fact, that adverse opinion has caused a lot of inner introspection within the Forest Service. And we currently have a team that is jointly made up of members of the Forest Service, the Office of Inspector General, and the Office of the Chief Financial Officer of USDA. We have a plan laid out, an action plan, with specific timetables in it, specific actions to be taken to have us result in getting a favorable opinion in as short a period of time as possible. We are working through that plan. There is a lot of energy and effort going into that.

I think, basically, the three parties, the Forest Service, the Chief Financial Officer, and the Inspector General, are pleased with the progress; at least, that is my understanding to date. But certainly, if we can't adequately account for the financial resources, that also included property resources in that finding, then it is going to be difficult to fully implement. And partly as a result of that, we are putting a lot of energy into trying to correct problems.

Mr. HORN. In other words, in a particular national forest, the Forest Service has difficulty in putting an actual price tag, I take it, on the assets as well as the budget related to the administration of that forest. Is that what our main problem is, we can't really look at this and analyze it in a fiscal sense?

Mr. STEWART. That is at least a major part of the problem.

Mr. HORN. What are some of the others that make the data inaccurate?

Mr. STEWART. Having adequately trained people and accounting methods is part of it; the financial reporting systems that are integrated from one time entry all the way to the top so that you can accumulate information easily and readily throughout the organization; having the resources available to actually do the valuating of the property, putting a value on it. Again, all of those have been identified as portions or parts of the action plan and are being worked on to correct those deficiencies.

Mr. HORN. You mentioned commodity groups, and we have mentioned conservation and environmental groups. How are we resolving the disagreements among these different groups, environment, conservation, commodity groups, as to the mission of the Forest Service? What kind of a framework are we bringing them in to share their views and thoughts?

Mr. STEWART. As you probably are aware, as of the start of this calendar year, we have a new chief, and Chief Mike Dombeck has made a priority and consistently said and sent a message that he expects what he calls collaborative stewardship, and that is to get people at the table who have an interest and begin working out the solution.

The agency's history is as the professionals, we always thought we had the answer, and I think what we are finding in today's environment is that that is not working very well. So the role of the Forest Service shifts to being the facilitator and convener of those discussions and to providing the technical background so that the discussions are within the biological limits of the forest or the rangelands that we are dealing with and then helping communities of interest come up with solutions that are workable.

That is a whole new role for us, and a number of people are taking training in the process. There have been some local districts and forests within the Forest Service that have been doing that for years, and quite successfully, and suddenly we are beginning to look at what they were doing and learning from that. So I look at sort of I wouldn't say evolutionary change, I would say revolutionary change in how we do business in the future. It is going to be much more collaborative and much less dictatorial on the part of the agency.

Mr. HORN. That is a very interesting comment. I have great respect for the Forest Service over the years. It has been one of the Government's premier public service groups, and there is a lot of fine forestry schools around America, and I am just curious, are they forestry schools working on that collaborative aspect that the chief is talking about where they educate future foresters in terms of the importance of the environmental conservation aspect in relation to the commodity aspect? Do you see that change in curriculum coming?

Mr. STEWART. I suspect it will. There are some universities already that have programs along that line. Whether they have actually incorporated it in the forestry program, there is always this dichotomy. There is so much professional requirement, science background needed, and there is always a tradeoff. But I can't imagine that the national resource professional of the future is going to get by without having better dealing with people and resolving conflict.

Basically, when I went to forestry school, we basically dealt with managing trees, and it was quite a surprise to find out there were a lot of people out there, too. It was much easier to deal with the trees; they don't talk back, and they don't move around. It was just handed to me, Yale Forestry School, of course, which was the first forestry school in the United States, has a leadership program, and part of that leadership program is teaching these collaborative decisionmaking skills.

Mr. HORN. Now, is that while they are getting their forestry degree, or is that post-degree education?

Mr. STEWART. I think it is post, as I recall. We actually bring people into that program.

Mr. HORN. Well, I think it is too bad that we haven't started earlier. They ought to really be getting this phased in that they relate to people in the real world. And that is true of a number of professions. I am not picking on the Forest Service. Let's start with the medical health professions where we have that problem also. You can be a brilliant surgeon, but you might not be very good on understanding people, and that has been sort of the surgeons' rap over the years.

Let me go into depth a little bit on this OTA report, Office of Technology Assessment. They issued this report entitled "Forest Service Planning, Setting Strategic Direction under the Performance Results Act," and it looked at the 1974 act, and then in July 1990 sort of analyzed where were you. It was requested because of a certain feeling in Congress that the results and performance goals had not been set in a strategic direction for the Forest Service planning at the national level, and what they found in the 1989 assessment was that there were very serious shortcomings, and for many resources there were no data on resource conditions, and there was no evaluation of investment opportunities, and there was insufficient information on cooperative assistance and research needs and priorities, and that the claims made were not substantiated.

For example, they gave the timber situation. Two measures of public concerns were acres clear-cut, acres of old-growth forest, and they were discussed, but with no supporting data on conditions or trends. So what the Office of Technology Assessment concluded was much of the information in the Results Act documents are incomplete, of poor quality, and that the resource inventories in the assessment scarcely provide sufficient data on the quantity, the quality of the outputs of each resource to analyze opportunities to improve resource management. Some of the information they said is based on surrogate measures or on professional judgments, which we have been discussing. And then they argued better data are needed; better data will not automatically lead to better planning,

but could settle debates on what is and focus attention on what should be.

What this report presumably is telling the Congress is that the Forest Service really doesn't know what the data are. We have agreed on the financial data, and that report is 1990, and we read the audit in 1995, and the question is obviously did we improve in that 5 years; otherwise why the audit problem? But there are data besides financial data, and I would ask to what degree is the Forest Service assured that the nonfinancial data are accurate, relevant, helpful in the measurement part? I wonder if you just want to react to that?

Mr. STEWART. That, Mr. Horn, is a good question. I would begin by saying that I agree with Mr. Robinson that we are better at measuring inputs and outputs and less at outcomes, and as we have begun to define the outcome as being healthy forests or healthy rangelands, the difficulty of defining health all of a sudden comes to the forefront. And that is something that you can measure at a point in time, but measuring progress toward improvement takes good trend data.

One of the things that has occurred over the last year is we have formed an Inventory and Monitoring Institute. As you know, we are responsible for the national forest inventory, and that increasingly is becoming more integrated and more a multi-resource. Rather than just timber, it is beginning to look at other resources also. One of the roles of that institute is to assure the quality of the data, the consistency of the data, and the fact that it does add up across the country.

We had joined in partnership with other natural resource agencies to jointly define what kinds of measures do we need to adequately measure things like forest health or sustainability, which is another issue, so that we are using consistent definitions and consistent data when we are presenting our information.

We have partnered up with the Natural Resources Conservation Service, the sister agency within USDA, in their inventory efforts, so that we are taking common information and even have common plots. Again, I think that is going to improve the quality of our data.

So, as I mentioned earlier, it is an iterative process. We are beginning to move away from just measuring things and begin looking at what is it we are trying to achieve on the lands; what does the land need to look like, and how do you measure those? The tradeoff is always going to be between the two extremes, those who want to measure everything, which you can't afford to do, and those who want to measure very little. And somewhere in the middle is where we need to be, and that is one of the purposes of the Inventory and Monitoring Institute is find out what is that set of information, what is most important, which will be things like forest health and sustainability that will be measured across ownerships and across different kinds of management strategies also.

So it is a problem. We are working on it. We are beginning to implement in a broader scale something called forest health monitoring. The intent eventually is to have it in all 50 States, and it is being lined up efficiently and effectively with our forest inventory efforts. We are using the same plot designs. And it will expand

the usefulness and accuracy of that kind of information. So there are a number of initiatives going on that over the next couple of years will begin to bear fruit.

Mr. HORN. Well, that is very helpful, and you have stated the reaction very well.

Let me to move to Mr. Dyer from the Social Security Administration. One of the concerns that we expressed in the earlier part of the hearing is the degree to which the Social Security Administration would be able to work with other Federal agencies in terms of tracking data on the success of some programs, and what we were talking about was worker retraining or worker re-education.

I think all of us are visited probably twice a year by members of private industry councils who have Federal money they are using to help meet the job needs of a particular area of the country with different occupations involved. There is no simple cookie-cutter approach. But the real question is, how effective is the training? Are we getting our money's worth? And I think the only way we will know is if we find what happened in the job experience of those individuals that they gave 6 months' training to or a year's training, and the only way we are going to know that is if the Social Security Administration will tell us where they are, what are the payments going to these workers now, did they improve?

Tracking them is the excuse always for not having those data. And I just wonder what is the situation in the Social Security Administration in terms of the laws involved that would prevent one Federal agency which is subsidizing re-education for a workforce, and this is part of the President's agenda obviously, and another Federal agency which knows where that individual is in the workforce from cooperating together.

Could you sort of give us a bird's-eye summary of that situation in terms of either the privacy laws as they pertain to Social Security or to what degree are you cooperating now with other Federal agencies?

Mr. DYER. Mr. Chairman, we have been working very closely with other Federal agencies in terms of coordinating our programs with theirs. And there is a flip side, too. We are very interested that people on our programs, particularly in supplemental security income or disability under Title 2, are able to go back to work if they want to, if they can work. So we are very interested in the same thing. We ourselves have been running pilots, and this year we have worked out an initiative in the President's 1998 budget which allows us to start moving toward how to return people to work.

Mr. HORN. Would you get the mic a little closer. I am having difficulty hearing you. Just move it toward you.

Mr. DYER. I am sorry.

In terms of your second question of sharing data, generally, if it is for research purposes and very broad, that does not give us too much problem as to how we share it because we do not identify the individual. So for large-scale studies we work with agencies and do share data.

Where we get into privacy concerns is when it is for individuals and how you are going to use it. Generally, though, with other Fed-

eral agencies we are able to work out those kinds of arrangements so that they assure us as to how they are handling the data.

I note from our end, we do matches with other agencies themselves to see what is going on, who is in what program, and what is happening, particularly, for instance, in the unemployment insurance world. And it is something we would be glad to work with other agencies on. I think it is of interest to all of us.

Mr. HORN. Have you ever had an opportunity to work with those private industry council programs that are funded by the Federal Government?

Mr. DYER. I am not the expert in the agency on this, Mr. Horn, but we do have a lot of contact with a lot of various groups that are involved in rehabilitation or mental health or whatever, and I am sure many people on our staff have worked with them.

Mr. HORN. Who would be the best person for the subcommittee to contact?

Mr. DYER. Our Associate Commissioner for Disability, Susan Daniels.

Mr. HORN. OK. So the Disability Associate Commissioner's realm would cover this matter?

Mr. DYER. Most of it, yes, sir.

Mr. HORN. Good. That is very helpful.

Now let's turn to the General Accounting Office in closing this out. Anything you heard this morning that you would like to comment on for the record and advise us whether that helps us move toward the goals of the Government Performance and Results Act or deters us from achieving the goals?

Mr. STEVENS. Mr. Chairman, I think we have heard a variety of experiences. We have a variety of agencies just within the three that are up here. We have the Social Security Administration, which I think has had quite a readily defined set of responsibilities, more so than the Forest Service, which—for example has got a mix of responsibilities, some of which may indeed be conflicting, certainly which are changing.

There was a good deal of discussion, it seems to me, on the need for good data arising from all of these programs and the emphasis that GAO has put over the years on the production, the maintenance and value of the kinds of information on performance and costs of these programs, it seems to me, just to be a starting point for anybody making progress in these areas. And with HUD, of course, that is probably a more serious problem, but apparently, according to Mr. Robinson, it is being addressed.

We have commented at some length on each of these agencies and their performance. I think GAO probably tends to pick out some weak points that weren't emphasized by the witnesses up here, but if I were in their position, I wouldn't emphasize the weak points either.

Mr. HORN. Well, we will try to elicit those in the followup questions.

What would you suggest this subcommittee might do in terms of prodding the system along to be successful in carrying out the law as far as the strategic mission, as far as the measurements related to that and so on down the line?

Mr. STEVENS. I think there are two focal points. One you are doing with the agencies themselves. I think the oversight committees have a very broad role there and knowledge of GPRA, what agencies' responsibilities are under it. If they are called up to testify before Congress, they are expected to find out about this and presumably have something positive to say.

I think probably the greater challenge, however, is to work within the Congress itself. We have maintained for a number of years, based on our conversations with agencies, that unless Congress uses the kinds of information and analysis that the Government Performance and Results Act was designed to achieve, unless it asks questions based on that information and agencies' self-assessment, and unless it acts on the answers that it gets in its own real decisionmaking process, despite the fact that GPRA is a law, it could still fade into irrelevance as many other management initiatives have in the past.

It is ultimately going to depend on whether Congress really uses it, and there I think the role of this committee—this subcommittee is of critical importance in bringing on board a number of committees that themselves are just beginning to find out what it is all about.

Mr. HORN. I think that is well said.

I would also like to put a stress on the Office of Management and Budget using the data and measurements when they dole out resources and decide whether there will be a plus or minus this year for a particular agency. And it seems to me we need to make sure that in their budget go-arounds that we can get measurement data that both the executive branch and the legislative branch agree make some sense. Then we are a long way there in analyzing particular programs.

And I have always been bothered by the fact that we can't get agreement between OMB and CBO, the Congressional Budget Office, as to projections on the economy. It just seems to me there ought to be a way to work out some of those things so we don't have rosy scenarios, as they say, at either end of Pennsylvania Avenue. And I think GAO could be immensely helpful in continuing to be a neutral critic as to what is going on, and we are going to count on you for that resource.

So I thank you all for coming.

I have one announcement before I thank the staff, and that is that there are no further questions. We are going to thank you for being here. And the second session of this hearing will take place 10 a.m., Thursday morning in the same room, and we will be hearing from Mayor Rudolph Giuliani of New York City on the privatization Government reform initiatives in that major city. And we will stand recessed until 10 a.m., on Thursday, March 13th.

I now thank the following people who have put this hearing and will put the next one and a few others together, and that is the staff director, J. Russell George; Anna Miller, professional staff member to your left; John Hynes, professional staff member, on the side; Andrea Miller, our clerk, who set up the hearing; and then David Bartell, my chief of staff next to the staff director; and our

friends on this side, one is missing, David McMillen, Mark Stephenson, professional staff members for the Democratic minority; and our court reporters, Ryan Jackson and Mindi Colchico. We thank you all for your role in this, and we are now recessed.

[Whereupon, at 12:22 p.m., the subcommittee was recessed.]

GOVERNMENT PERFORMANCE AND RESULTS ACT IMPLEMENTATION: HOW TO ACHIEVE RESULTS

THURSDAY, MARCH 13, 1997

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON GOVERNMENT MANAGEMENT,
INFORMATION, AND TECHNOLOGY,
COMMITTEE ON GOVERNMENT REFORM AND OVERSIGHT,
Washington, DC.

The subcommittee met, pursuant to notice, at 10:10 a.m., in room 311, Cannon House Office Building, Hon. Stephen Horn (chairman of the subcommittee), presiding.

Present: Representatives Horn, Maloney, and Davis of Illinois.

Staff present: J. Russell George, staff director; Anna Miller, Mark Uncapher, and John Hynes, professional staff members; Andrea Miller, clerk; David McMillen, minority professional staff member; and Ellen Rayner, minority chief clerk.

Mr. HORN. The Subcommittee on Government Management, Information, and Technology will come to order.

I have just come from another hearing, the DC Subcommittee, where the Mayor of the District of Columbia is testifying, as well as a number of other people.

And I mentioned our series of hearings on results-oriented government in terms of the Government Performance and Results Act, and noted that you were going to be here as a witness, Mayor Giuliani. I mentioned that I would like to see the same results that you have established in New York City established in the District of Columbia.

Right now, only the State of Oregon has a results-oriented government. Australia and New Zealand do. And we just do not talk about hey, give us some more money. Because we have a great idea. We look at a plan to get something done, and the citizenry to participate in evaluating that plan, to see if we are getting results.

So this hearing is a continuation of a series that began in 1995, and will increase in number, simply because we want to see how well the Federal Government is doing it. And we had several agencies testify last week in terms of Social Security, and the Forest Service, and HUD. And, of course, this hearing will focus on what has been accomplished in local government with you as one of the major leaders in this area.

I think that you and I would agree that the voters are clamoring for the kind of reform that has results. And no one will deny that

they deserve such reforms. And, of course, our question is, what can Congress do to expedite the process? Certainly, we have a role at the Federal level. The question would be what kind of role do we have, if any, at the State and the local level?

We have learned during these hearings that results can be a powerful instrument for reform if we are industrious and vigilant. But we also have to be thoughtful and innovative. We cannot assume that the Results Act will do all of the thinking for us. We must constantly search for successful reform examples such as your own.

Luckily, one need not look far. And that is why we asked you to join us and share your experience in terms of the police department in New York City. And the issue of crime, as we all know in this room, anybody who knocks on a door in any precinct, that is what worries people. The quality of education, and the quality of our control of crime by youth gangs and others who are disruptive of our society and our opportunities.

So we are going to be very interested in the broad strategic changes that occurred in the New York Police Department. And we look forward to your testimony.

[The prepared statement of Hon. Stephen Horn follows:]

DAN BURTON, INDIANA
CHAIRMAN

HENRY A. WAXMAN, CALIFORNIA
RANKING MINORITY MEMBER

ONE HUNDRED FIFTH CONGRESS

Congress of the United States
House of Representatives

COMMITTEE ON GOVERNMENT REFORM AND OVERSIGHT
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Government Performance and Results Act Implementation:
How to Achieve Results
Subcommittee on Government Management, Information and Technology
March 13, 1997
Opening Statement by Representative Stephen Horn (R-CA)

Today we are holding the second session of a hearing entitled "Government Performance and Results Act Implementation: How to Achieve Results." This continues a series of oversight hearings on the Results Act. The purpose of that law, of course, is to make the Federal Government more efficient, more effective, and more affordable. The voters are clamoring for this kind of reform and no one will deny that they deserve such reforms. The question is, what can Congress do to expedite the process?

We have learned during these hearings that the Results Act can be a powerful instrument for reform if we are industrious and vigilant. But we also have to be thoughtful and innovative. We cannot assume that the Results Act will do all the thinking for us. We must constantly search for successful reform efforts at the state level -- such as Oregon -- and local levels and even abroad in foreign governments -- such as New Zealands -- to find new models, uncover new approaches, and to test our own performance against that of others.

Luckily, one need not look too far to find a model of reform. For the past two years, under the leadership of Mayor Giuliani, the City of New York has undertaken a substantial reinvention process and has received a good deal of attention for it. The Mayor is here to tell us how New York City dramatically improved its management practices and gained nationwide acclaim for its considerable effectiveness in fighting crime.

Mayor Giuliani began his reforms by asking the New York Police Department to focus its full talents and resources on driving down crime and controlling disorder. To support broad strategic changes in the way the NYPD accomplishes its mission, the department undertook sweeping re-engineering efforts. Precinct commanders are now being held accountable for their results and rewarded for their successes. This has focused attention on concrete achievements and as a result performance has improved markedly. An improved function which results in a better quality of life for the individual citizen is applauded by all.

We look forward to hearing Mayor Giuliani's testimony this morning, confident that he has something to share with us. We hope that through the Government Performance and Results Act, we will achieve similar success at the Federal level.

Mr. HORN. Mr. Mayor, I am going to swear you in, and then have your distinguished New Yorker and Staten Islander, and our distinguished colleague, introduce you to us. All of our witnesses are sworn in here, if you do not mind, Your Honor. If you would raise your right hand.

[Witness sworn.]

Mr. HORN. The mayor has affirmed.

And I am now delighted to introduce the distinguished Member from New York, Ms. Susan Molinari. Thank you for coming.

Ms. MOLINARI. Thank you very much, Mr. Chairman. And thank you for giving me an opportunity to introduce a man who has become very special to the people of New York City. He is a man who has devoted most of his adult life to Government service. And I am just going to go through a brief background, because I think it sets the stage for where he gained a lot of his experience that he has implemented in New York City, and we are grateful for that.

Out of law school, he clerked for a Federal judge in Manhattan. He then joined the U.S. Attorney's Office, where he became chief of the narcotics unit at the age of 29.

He served as Assistant Attorney General here in Washington, DC, and returned to New York as U.S. Attorney for the Southern District, where he accumulated over 4,000 convictions, many against organized crime figures notorious for their previous ability to escape justice.

Since becoming mayor of the city of New York in 1993, Rudy Giuliani has taken a number of steps to improve the quality of life for New Yorkers. But I daresay, as you correctly pointed out, nothing has been more impressive or important to us than his bold initiative to fight crime, regardless of the severity.

From fare jumping at subway turnstiles, to truant officers at New York City schools, and dealing with and effectively prosecuting murders, the mayor knows that the first priority of Government is protecting its citizens. If people feel safe, they are likely to raise a family, buy a home, or just enjoy the best city in the world.

As a result, New York City is attracting both new businesses and old friends that had left. And with these businesses come employment opportunities; 110,000 new private sector jobs have been created in the past 3½ years. Think about that, 110,000 new private sector jobs.

This is a dramatic reversal from the previous 4 years, where 400,000 jobs were lost to New York. This all amounts to economic growth and opportunity, growth and opportunity which naysayers thought were long gone from New York City.

But as you know, we New Yorkers are a tough bunch. And just when you think you may have us on the ropes, we come rallying back.

As the mayor of New York City with a population of 8 million people, and a number that doubles just about during the course of a day, some of the mayor's accomplishments include, and I know that he will go into detail as to how he gets there, but I am just so proud of what he has done that I have to take this opportunity to brag a little bit.

A 38 percent reduction in crime since 1993, including a 50 percent drop in murder. Reining in a bloated and often wasteful bureaucracy by reducing the number of Government jobs. Eliminating, I think, 21,000 without direct layoffs.

Directing educational resources on teachers and classrooms and not on administrators. And undertaking the most ambitious Welfare to Work program in the city's history, moving 37,000 people off welfare and onto jobs.

And I can tell you, Mr. Chairman, when I served on the New York City Council, we had a tough time dealing with a pilot program that was going to get welfare mothers to work, 500 of them. We could not pass that in the city council. And Mayor Giuliani has been able to create miracles in that city that we did not believe could be duplicated anywhere in this country. The mayor's effects are indeed achievements for which he should be commended.

While not equal in size or scope of the entire country, New York's successes point to how an accountable government can be an effective government. It is a recipe for success in a big, complicated city, a small town, or the entire United States.

Mr. Chairman, I am very proud of the man who is sitting next to me. He has brought back a spirit of discipline, of hope, of exuberance, and of anticipation to a city who thought those were qualities that were long gone. He has made a difference for just about every family in the city of New York by dedicating every waking hour, and I have to say knowing Rudolph Giuliani, that is about 20 hours of the day, to improving the quality of life for New York City.

I am very proud to introduce the mayor of New York, Rudolph Giuliani.

Mr. GIULIANI. Thank you very much.

Ms. MOLINARI. It is my honor.

Mr. HORN. And thank you.

Mr. GIULIANI. Good morning. Mr. Chairman, and members of the subcommittee, and Congresswoman Molinari, I am very pleased to be here. And I thank you for giving me the opportunity to speak with you.

Mrs. MALONEY. First, Mr. Mayor, could I welcome you also?

Mr. GIULIANI. Please.

Mrs. MALONEY. And my colleagues. And I ask that my opening statement be placed in the record as read.

I must say, Mayor Giuliani, I never thought in my wildest dreams that New York City would be held up as the poster child for achievement in controlling crime for the Nation.

In fact, in the last election, some Republicans complained that the President was using New York City and the national crime statistics, and New York City was driving down the national crime statistics due to the tremendous success that we have had in New York City with your leadership.

And also, I think that we have the best police department in the world. There is no question about it. They are the bravest, the most innovative, and actually the best in every way.

And I must say that the President's anticrime proposals have helped bring moneys to New York City for additional police officers and certainly the ban on assault weapons.

So, I am very happy for my constituents and for New York City with the success of bringing crime down in New York City. And I am very pleased to welcome you here today. And, as always, I look forward to what you have to say.

[The prepared statement of Hon. Carolyn B. Maloney follows:]

The Honorable Carolyn B. Maloney
Opening Statement
on the Government Performance and Results Act

March 13, 1997

Thank you, Mr. Chairman, it is a pleasure to welcome Mayor Giuliani to this hearing. I am pleased that you continued the hearing so that he could testify.

The turnaround in crime in New York is a testimony to the principles that guided the development of the Government Performance and Results Act. Since 1994 crime in New York has dropped dramatically, and not just street crimes like loitering or truancy. Homicides are down 38 percent. Felonies are down 28 percent. And, crime is down in every precinct in the city.

As we will hear today from the mayor, this turnaround is the result of a clear mission for the Police Department -- reducing crime -- and clear strategies for dealing with each type of crime. Decision making has been decentralized, and precinct commanders are held accountable and rewarded for results.

The example of the New York City Police Department is proof that the principles in the Government Performance and Results Act work. We now must work to see that those principles are applied properly in our federal agencies.

Federal managers today are impaired in their attempts to improve efficiency and effectiveness because they lack the program goals and performance measurements which GPRA requires. And as they work to provide public services, they are increasingly expected to perform with fewer resources. The implementation of GPRA will provide incentives for new ways of getting things done. Implementing it will not be easy, but its benefits will be great.

By the beginning of the next century, GPRA will hopefully have a dramatic effect on the way the Federal budget is prepared, and how agency performance is measured. This will produce profound change, both in the mechanics and in the culture of government. We are approaching an important milestone in GPRA. The pilot programs are coming to an end, and by this fall, we will have in place the strategic plans for each agency. At this time, oversight is critical -- the best way to ensure that the plans of Congress are correctly implemented is to start early. GPRA will provide Congress with improved sources of information on government performance. We need to learn to absorb that data and act on it intelligently.

Thank you Mr. Chairman.

STATEMENT OF RUDOLPH W. GIULIANI, MAYOR, NEW YORK CITY

Mr. GIULIANI. Thank you very much.

Thank you, Congresswoman Molinari, Congresswoman Maloney, and Mr. Chairman.

The fact is that the things that we are going to talk about are very much geared to your introduction. What we tried to do from the day that I became mayor is turn New York City into a results-oriented Government, and then spend time trying to figure out what is the result that you actually want to achieve.

The results that I am going to talk about, which are very positive ones, are the product of very good teamwork within all of the agencies of the city, and community groups, by the fine representation that we have in Congress; Congresswoman Molinari and Congresswoman Maloney, and all of you who represent us here. This is very much a team effort.

Although I will describe what my administration has done, none of it would be possible without the very strong support of all of you. And I thank you very much for that.

The Government Performance and Results Act comes in response to an overwhelming desire on the part of the American people to see Government become accountable and efficient.

In New York City, we have seen how effective management can yield successful results. New York City has become known as a place that now welcomes growth, welcomes progress, and welcomes new ideas.

As Congresswoman Molinari pointed out before, there was a period of time in which you were not allowed to have a new idea in New York City. And we tried to create the groundwork and the ability for people to propose new ideas and to deal with some of the most important and difficult problems that the city faced.

In the late 1980's and the early 1990's, it was my fear that New York City—that when people said those words, the two things that would come to mind quicker than the great advantages of New York City, and the arts institutions that are there, and educational institutions, the two things that would come to mind first were crime and welfare. Crime, a city to which people were afraid to come. And second, a city in which people thought that welfare was really breeding dependency in not moving people back to work.

So we tried very hard to put tremendous emphasis on turning around those two things, and to come up with a measure of success. The charts that I have here show the results in the area of crime. And again, since what you are looking at is measuring results, these are the results measured by the FBI.

The first chart on the left shows what happened to the overall number of crimes as measured by the FBI. And New York City now has a level of crime that is lower than any time in the 1990's, the 1980's, the 1970's.

In fact, the crime rate last year was lower than in the year 1968. So there is the number, 386,000 serious crimes as measured by the FBI. The last time that we had a year like that was in 1967. And these are FBI statistics, not our own statistics. So this is the way that the FBI measures crime.

Or another way to look at it is the chart right next to it, which shows the reduction in crime in New York City over the last 3 years. New York City has the largest reduction in crime of any city in the United States over the last 3 years, 31.9 percent. San Diego is right behind with 29.5 percent. Los Angeles with 22.9 percent.

And just to show that it is not a national trend, some major cities during this same period of time have had fairly sizable increases in crime. And you see them at the bottom of the chart.

So yes, there are things that are happening nationally. But the fact is that reductions in crime of this magnitude are not happening in every part of the country.

This chart, which is a little hard to read, shows where New York City now ranks among cities with populations of 100,000 or more. According to the FBI, mid-year last year, New York City was city No. 144 for the possibility of being a victim of a crime in the United States. City No. 1 was Atlanta. City No. 144 was New York City. And virtually every city in America has, per capita, more crime now than New York City.

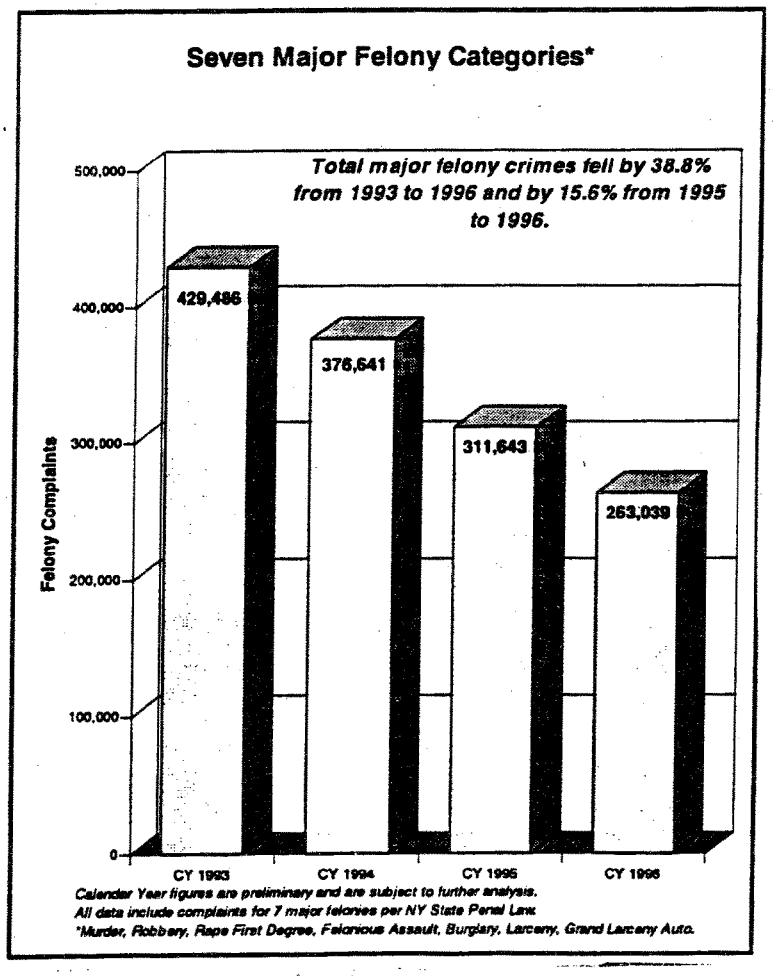
This is a very different picture than existed 3 or 4 years ago. It is actually a little startling, and people do not believe it. They do not believe that New York City is 144 out of a group of 187 cities. And cities like Little Rock; and Phoenix; and Richmond, VA; and Rochester, NY; and Omaha, NE; and Boston; and Buffalo, NY; and Albany, NY have more crime per capita than the city of New York.

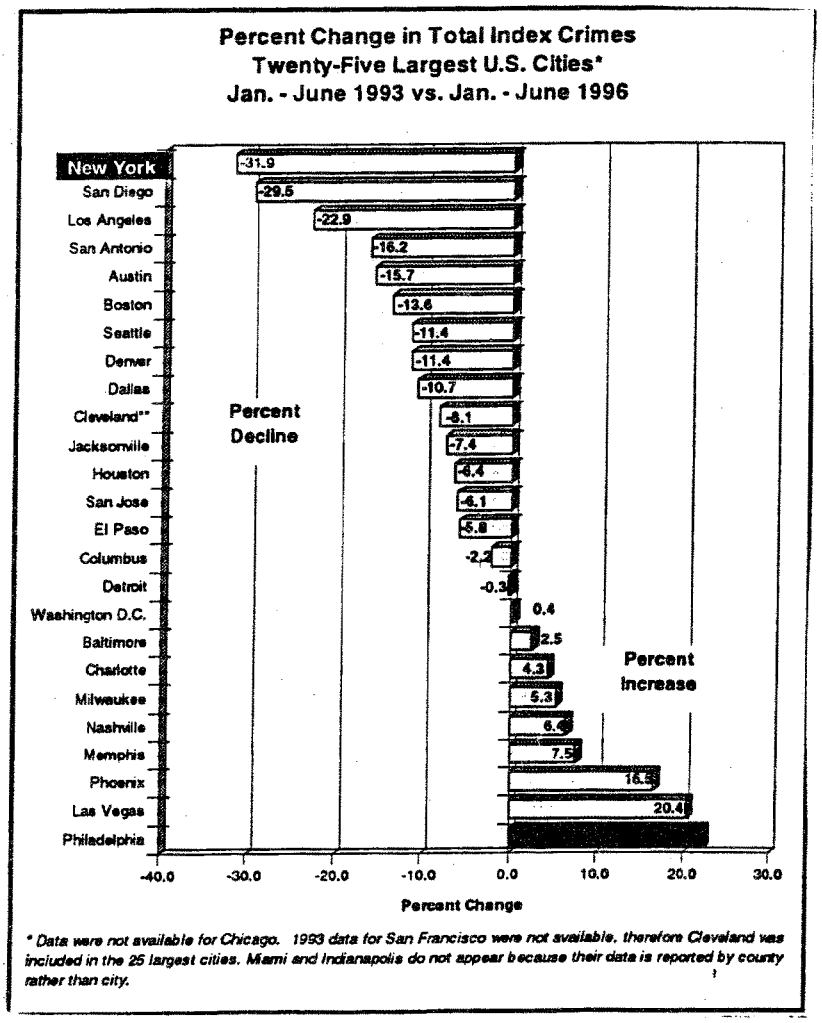
This is not in any way to demean them. It is just to deal with a stereotype that New York City is the most dangerous city in America. It is just the opposite. It is city No. 144.

Mr. HORN. I might add that with these charts and tables, they will be put in the record at this point.

Mr. GIULIANI. Thank you very much, Mr. Chairman.

[The information referred to follows:]


Seven Major Felony Categories*
Total major felony crimes fell by 38.8% from 1993 to 1996 and by 15.6% from 1995 to 1996.
Felony Complaints
500,000
400,000
300,000
200,000
100,000
0
429,486
376,641
311,643
263,039
CY 1993
CY 1994
CY 1995
CY 1996
Calendar Year figures are preliminary and are subject to further analysis.
All data include complaints for 7 major felonies per NY State Penal Law.
*Murder, Robbery, Rape First Degree, Felonious Assault, Burglary, Larceny, Grand Larceny Auto.

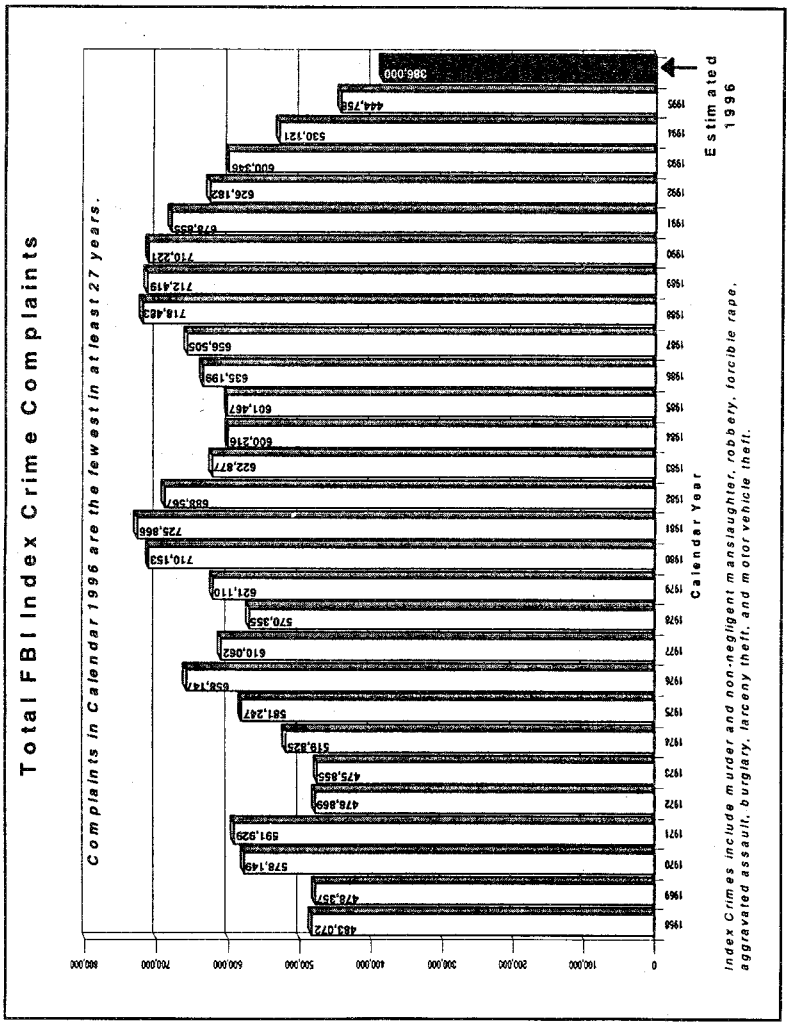


** Data were not available for Chicago. 1993 data for San Francisco were not available, therefore Cleveland was included in the 25 largest cities. Miami and Indianapolis do not appear because their data is reported by county rather than city.*

FBI TOTAL INDEX CRIMES
JANUARY - JUNE 1996

New York City Ranks 144th out of 189 Cities of 100,000 or More Population

Rank	*City*	*Crime Index Rate per 100,000*	*Rank*	*City*	*Crime Index Rate per 100,000*
1	Atlanta, GA	8,613.11	65	Boston, MA	4,115.20
2	Miami, FL	8,258.34	71	Fort Worth, TX	3,995.26
7	Newark, NJ	6,609.49	73	Buffalo, NY	3,963.25
8	Orlando, FL	6,367.97	80	Houston, TX	3,796.50
10	Baltimore, MD	6,100.32	83	Milwaukee, WI	3,755.54
12	Washington, DC	5,945.31	88	Cleveland, OH	3,664.30
13	Detroit, MI	5,782.13	90	San Francisco, CA	3,623.52
21	Little Rock, AR	5,549.69	91	Albany, NY	3,602.93
23	New Orleans, LA	5,520.15	92	Honolulu, HI	3,583.01
24	Columbia, SC	5,462.53	95	Las Vegas, NV	3,534.64
25	Hartford, CT	5,432.54	96	Los Angeles, CA	3,533.11
33	Seattle, WA	5,247.71	98	Arlington, TX	3,502.28
37	Phoenix, AZ	5,028.99	99	Philadelphia, PA	3,500.35
38	Tucson, AZ	5,013.10	104	Denver, CO	3,415.68
41	Hollywood, FL	4,764.38	110	Grand Rapids, MI	3,303.09
42	South Bend, IN	4,697.99	124	Syracuse, NY	3,308.16
46	Dallas, TX	4,655.27	130	Worcester, MA	2,970.11
50	Richmond, VA	4,594.03	137	Pasadena, CA	2,829.94
60	Rochester, NY	4,220.17	140	Boise, ID	2,780.67
61	San Antonio, TX	4,171.72	143	Anaheim, CA	2,688.75
62	Omaha, NB	4,158.71	144	New York, NY	2,678.19


Total FBI Index Crime Complaints
Complaints in Calendar 1996 are the fewest in at least 27 years.
Calendar Year
Estimated 1996
Index Crimes include murder and non-negligent manslaughter, robbery, forcible rape, aggravated assault, burglary, larceny theft, and motor vehicle theft.
800,000
700,000
600,000
500,000
400,000
300,000
200,000
100,000
0
1958
1959
1960
1961
1962
1963
1964
1965
1966
1967
1968
1969
1970
1971
1972
1973
1974
1975
1976
1977
1978
1979
1980
1981
1982
1983
1984
1985
1986
1987
1988
1989
1990
1991
1992
1993
1994
1995
483,072
478,357
578,149
591,929
478,869
475,855
518,825
581,247
658,147
610,062
570,355
621,110
710,153
725,866
688,567
622,877
600,216
601,467
635,198
656,505
718,463
712,419
710,221
678,835
626,182
600,346
530,121
444,758
386,000

Mr. GIULIANI. And this shows the decline in New York in June 1995 to 1996. This is the last one audited and measured by the FBI. The decline nationally was 3 percent. The decline in other major cities was 4.3 percent. The decline in New York City was 10.5 percent.

This is the point that I believe Congresswoman Maloney made before. The fact is that New York City makes up about 40 to 45 percent of America's crime decline. And without that percentage, America would have had a very negligible crime decline. So in a way, New York City is doing something that people never thought was possible.

The real question is why is that coming about, why is that happening? These results were achieved, because we carefully rethought the way that the police department should operate. And the strategic missions that we came up with proved to be a resounding success.

Times have changed, and we have made critical improvements in the way that the department does its work, establishing separate strategies for dealing with guns, for youth crime, for drugs, for domestic violence, for auto-related theft.

We have paid special attention to the key objective of improving the quality of life in public spaces. We found that implementing the broken windows theory, which says that sometimes the things that were being ignored because they were too small to pay attention to, because you were ignoring them so often and creating such immunity on the streets, that it was really leading to the more serious crimes.

We had a period of time in the city in which that philosophy and theory was carried to such an extent that street level drug dealers were not arrested by the police, because it was thought that we had more important drug dealers that the police should be concentrating on. So entire streets and neighborhoods were turned over to drug dealers.

I reversed that, and we increased the number of arrests of street level drug dealers by 30, 40, and 45 percent. We still cannot arrest all of them, but we do not have to give them immunity.

We focused very carefully on something that I think was a New York phenomena—squeegee operators. Squeegee operators were people who would come up to your automobile, and ask you for money in order to clean your window, but very often intimidated people into giving that money.

And we decided that we had to change that, that we had to do away with them. We had to enforce the laws against interfering with traffic, which always existed, but were being ignored. And what we found was that half of the squeegee operators were wanted felons, very often wanted for crimes like murder, rape, mugging.

So in fact, two things happened. We created a safer environment, and we removed from the streets people who probably were going to engage in repeating their criminal behavior, like mugging, rape, and murder, if they had not been caught specifically for squeegee operations.

Within a year and a half of taking office, our administration achieved a merger of the three police departments in New York

City, which had always been separated, the New York Police Department, the Transit Police, and the Housing Police.

We have an advantage that is not focused on very often, one that I got to know when I was the third ranking official in the Justice Department. New York City has one major police department, one large police department.

The other cities that you looked at by and large are dealing with counties in which there are 10, 15, 20, 25, 30, 35, and 40 different police departments.

We have one police department of 38,310 police officers that covers five counties of the State of New York. That gives us a tremendous advantage. The New York City Police Department, I believe, is actually larger than the FBI in size, and can accomplish many of the forensic things that the FBI can also accomplish because of the scope of it.

It also means that we can bring to bear large numbers of police officers in an efficient way without having to worry about jurisdictional disputes.

All of these things are important to the results that I have shown you and more. But the one that I would like to spend some time on this morning, because it just won a prize from the Kennedy School as one of the most innovative programs in Government, is the Compstat program.

Compstat uses intensive crime analysis sessions, up-to-the-minute crime statistics, and computer pin mapping technology as basic crime fighting tools. Compstat transformed the New York City police from an organization that reacted to crime after it occurred, to an organization that can now with a fair degree of accuracy, predict where crime is going to happen and react to it in advance in order to prevent it.

Before Compstat, the New York City Police Department's 76 precinct commanders often were isolated from the top executives in the police department. They rarely met. Under the Compstat system, precinct commanders now meet with the police commissioner, the chief of the department, the chief of detectives, and all of the top leaders at semi-weekly meetings, where together they identify local crime patterns, select tactics, and allocate resources. And they come up with strategies for reducing crime.

Critical to this is keeping very, very accurate statistics about crime. Last night at midnight, every 1 of the 76 precincts in New York City had to report to headquarters the number of crimes that took place in all of the categories that are evaluated by the FBI, plus additional ones we have added.

And by some time this morning, the police commissioner can see, if he wants to, his crime going up or down in any 1 of those 76 precincts. And if it is going up, where is it going up? Is grand larceny auto going up? Is rape going up or down in a particular precinct?

And then every 2 weeks, the precinct commanders get together and look at those patterns. And when they see crime increasing, they are expected to not only see it, but to come up with a strategy to reduce it before it does become a pattern.

Computer technology makes this possible; 10 or 15 years ago, you could not do this even if you had thought about it, because the technology was not there to do those kinds of evaluation. And I be-

lieve that this kind of analysis of communication has been critical in our battle against crime.

Last year and this year, I selected and funded two major initiatives in two parts of the city. And the reason we did it was because the information that we have gathered, the computer technology and the mapping technique, demonstrated to us that certain areas of the city not only had more crime, but they were exporting more crime to the rest of the city.

We focused on the northern part of Brooklyn. This was because we found that a number of the crimes committed in Manhattan, and in other parts of Brooklyn, and in Queens, and Staten Island, and even in the Bronx, were committed by people who came from, or brought drugs from organizations located in the northern part of Brooklyn.

So by putting a thousand police officers there, and reducing the drug organizations in the northern part of Brooklyn, it actually had an impact on the amount of crime that occurred in other parts of the city. And then we made similar choices for this year in a number of precincts in the city. Those are the things that Compstat makes possible that was not the case before.

But there is something that is even more important in what you are evaluating about this. For years, the New York City Police Department, and I believe most police departments in this country to this day, were measured by the number of arrests that were made.

It was thought that the best way to determine police productivity was to figure out how many arrests were made. If a precinct commander had a precinct where lots of arrests were made, that must be a hard working precinct. If a police officer made a lot of arrests, that must have been a hardworking police officer who was doing a good job.

And actually, all of that is true, but it misses the point of what a police department is for. A police department does not exist for the purpose of making arrests. That is part of what a police department has to do.

There was a higher mission, and one that had to be identified as a result of what police work should be. The real purpose of the police department is to eliminate crime, or more realistically to prevent crime.

So when you are using crime statistics as your management tool, you are now having the police department evaluated by precisely the result that the public wants from a police department. What the public wants from a police department are not more arrests, but less crime. They want a safer neighborhood.

If arrests accomplish that, fine. If there are other ways to accomplish it, then that is equally as good and maybe better.

The way in which I describe this to people, the way that this concept works, and the way in which we really devise it, is if you were running a bank and it has 76 branches, like the New York City Police Department has 76 precincts, the person running that bank would every day get an assessment of how much money was made or lost in the 76 branches.

And quickly, when a branch lost money for 4 or 5 days, or a week, or two or three, when that had not been the case before, they would have to focus on why, what is going on, is it something we

are doing, is it something going on in their economy, how do we fix it, how do we cure it? Should we close that branch, should we consolidate two other branches?

Profit and loss is a very, very effective measure of success for most profitmaking private institutions. In Government, it is a little harder to find out what is the measure of success. But we use crime statistics the way that a bank would use profit and loss statements, and deposit records, to determine which precincts are accomplishing what. This in fact is the ultimate objective of the police department—preventing crime—which ones are doing it the most effectively, which ones are not and why, and what is the strategy for making certain that they do.

In one precinct, the strategy might be to use more police officers to reduce car theft. In another precinct, the strategy might be to use those police officers more accustomed to violence to prevent gang violence by young people. In a third precinct, it might be dealing more effectively with drug dealers, because they are producing crime.

Compstat allows you to make informed, intelligent, and strategic choices in how to use your resources. And this is a program that could be used and probably would be easier to do in just about any city in America.

Because in New York City, we have a tremendous volume problem. In other cities, it is actually even easier to focus your attention.

So of the many things that I could select as reasons for these major crime declines, and I guess of the many different things that have contributed to it, I would say that this is probably the most innovative, and the one that is the most exportable, one that could be used and varied for different conditions in different places any place else in America, and I think with the same effect.

I think the other thing that Congresswoman Molinari mentioned, because this is a very similar thing. Just because we had not reached a true measure of what success meant in the police department, the same thing was true with our welfare programs.

When I was a private citizen and looking at the various management reports of the city of New York, every year I would see this chart that showed the welfare rolls in New York City increasing from 800,000 to 900,000, to 950,000, to 1 million, to 1.1 million.

And then I would see charts that predicted that it would grow to 1.4 million and 1.5 million by the year 1994, 1995, 1996.

Now remember, we are a city with an official population of 7.3 million people. Probably we have 8 million people in New York City. But 7.3 million is the official population. If you start looking at numbers like 1 million, 1.1 million, 1.2 million, 1.3 million, 1.4 million, and 1.5 million on welfare in a population of 7.3 million, you have fewer people working, fewer people with jobs, more people being supported by the people who are working, and your tax base rupturing as a result of that, because people make choices to go live somewhere else.

And the thing that disturbed me the most, and part of this whole emphasis on results and new ideas, is that those charts were produced by the city of New York, but there was never an idea presented about what to do about it. Not even a single idea.

The best idea available was sit, watch it, observe it, catalog it, and come to Washington and ask for money to continue it, which seemed to me a horrible future for the city. Even more horrible when those numbers got filled in with human beings, an additional 100,000, 200,000, 300,000 people, who are not going to have any work, are not going to have anything to do all day, and are going to be supported by other citizens, many of whom will leave the city, because of this unfortunate progression that was taking place.

We decided 3 years ago that we had to do something about it before the Federal welfare reform bill. And there are some measures that are similar, and some that are frankly very different.

What we decided to do was an evaluation of the people who were on welfare, determine whether they were actually eligible for welfare. If they were eligible for welfare, give them their benefits, not reduce the benefits. If they were not, make certain that they did not obtain welfare. And also, use technology in order to accomplish that in much the same way as we did with the Compstat program.

We developed a computer program and finger imaging. So that when people sought welfare, they were interviewed, and the information was put into a computer. We developed a data base that had all of the people who were on welfare. And now that data base allows us to also have in that computer people from surrounding counties, so that we can eliminate people who are collecting welfare two, three, and four times in different jurisdictions.

We could therefore eliminate people who were collecting welfare who worked for the city of New York, had jobs, and on their lunch hour or part-time would come in and collect welfare. And we found more than a few people who worked for the city of New York, who were collecting welfare, and the city of New York never bothered to check. Because they did not bother to check anybody coming in asking for welfare on the theory that that would be humiliating.

And when I first instituted the notion of finger imaging, I was accused of being harsh, and mean, and punitive. And my view of it was that everyone who worked for my administration was fingerprinted. And if you get fingerprinted for work, you should get fingerprinted and finger imaged as a means of identification for welfare.

What we found was that some of the people on welfare worked for the city, worked for the police department, the fire department, and worked for the mayor's office, except no one bothered to check.

We also found that there were a lot of people who deserved and needed to be helped, who needed a tremendous amount of help, which the city generously and in the right spirit wanted to give to people. We want to make sure that it really goes to people who really need help.

The second part of the program was a workfare program. After the determination is made that someone is eligible for welfare and properly entitled to it, if the person is able bodied and does not have children under the age of 3, then we do the best that we can to find work for that person. And if we cannot find permanent work, we have them do temporary work that would assist the city in improving the quality of life.

And right now, there are 37,000 people who are enrolled in our workfare program. And they clean the parks. They clean public

spaces. They work in the Mayor's Office, and in the Board of Education. And they work part-time, 20 hours a week if they are students, 26 hours a week if they are not. And it keeps those people in the workforce. It keeps them with a purpose in life.

I think maybe the best way that I could illustrate the difference in result is this chart right here. The chart on what would be your left shows the welfare rolls in March 1995 at the very beginning, at the far left, when we started the program, and in January 1997, and you will see what they are now.

Those are about 230,000 fewer people on welfare in a 2-year period, which is the biggest change that New York City has ever had in its welfare rolls. And it is a greater change than anyplace in America. This is a massive reduction of the number of people on welfare.

And during this period of time, our unemployment rate actually is more favorable. We have not had an increase in unemployment. Actually, now up to 130,000 private sector jobs have been created. January of this year was the best month for increased jobs in New York City in 13 years. We have not had as many new jobs in New York City in any 1 month as we did in January 1997. The last time we did that was back in 1983. So it is not having a negative impact on our economy.

And I have to say, Mr. Chairman, that if I had come here 2½ years ago and told you that we were going to move 230,000 or 240,000 people off welfare, and I went back home to New York City, several of the media operations in New York City would have predicted chaos in the city of New York with 240,000 fewer people on welfare, and crime rates will go up. That is a terrible demeaning view, by the way, of people on welfare.

Crime rates will go up. Unemployment is soaring. Jobs fleeing. Just the opposite has happened. We have taken 240,000 people off welfare. New York City is safer than at any time since 1967 and getting safer.

And our economy is recovering, not as fast as I would like, but we are recovering a lot better than it was 2 or 3 years ago when we had 240,000 more people on welfare. We are in a lot better shape today in our economy than we were then.

And maybe the contrast shows this. Because I believe ultimately that results are enormously important as well as measuring them. But ultimately, philosophy and ideas are the most important. And there is a change in philosophy that is going on in the city of New York.

When I suggested that people who come to emergency shelters be assigned to work, if they could—and when I say assigned to work, if they are able-bodied, and they are able to work—if they are not, then the city does have an obligation to care for them, and maybe even care for them permanently.

But if people can work, they should be assigned to work. Several of the social activists said that I was being punitive. And when I heard the word, I kind of reflected on when did work become punitive. Going to prison is punitive. Being fined is punitive under our laws, our tradition. Working is ennobling. Going to work is something that dignifies you. It ennobles you. It gives you a sense of self-respect and self-worth.

I think that in our prevailing social philosophy in New York City, we lost that notion of work. We lost it somewhere in the 1960's, the 1970's, and the 1980's, and the early 1990's. And there was an article just this week in the New York Times, I think that it was on Monday morning, talking about what they regarded as the successes and the failures in our workfare program.

As a success, the article cited Maggie Montalvo, who was a mother who was fearful of losing her benefits after 15 years on welfare. She now meets her 20 hours a week workfare requirement by assisting teachers at her daughter's Headstart program while she is studying for her high school diploma.

And in the article, she points out that this is the best thing that ever happened to her. It broke the cycle of 15 years of welfare. She was cited as a success by the Times reporter.

And let me cite a failure, which is maybe even more interesting to think about philosophically. The failure is a gentleman by the name of Mr. Contreras, which said that he refused his work assignment, because he was frightened and humiliated by having to sweep streets for his welfare benefits.

Now I consider that case a success. Because hopefully, we are going to change Mr. Contreras' attitude and ideology. I have a great sanitation commissioner in New York City. He is probably the best New York City has ever had. He got us through the two worst winters that we have ever had in the history of the city. And he got national attention for that last year when New York City was able to dig out of the snow faster than any other American city.

He comes from Staten Island. He has been a sanitation worker for 37 years. And he began his career sweeping streets, and is proud of it. And I remember the quote of Martin Luther King, which I went and got right after I read this article, and Mr. Contreras' idea that it is humiliating to sweep streets.

Dr. Martin Luther King said, "If a man is called to become a street sweeper, he should sweep streets even as Michelangelo painted, or Beethoven composed music, or Shakespeare wrote poetry. He should sweep streets so well that all of the hosts of heaven and earth will pause to say here lived a great street sweeper who did his job well."

That is the concept of work that we have to re-establish in New York City and in America. It is actually the concept of work that my father taught me when I was a very young boy. Because as eloquently as Martin Luther King, he would say to me, "There is no work that a man or woman can do that is honest to support his family that is not ennobling and does not give you a sense that you are taking care of yourself." That is what we are trying to do in our workfare program.

New York City has become a national leader in the area of welfare reform. And our successes are being used as a model in other cities, and in cities as far away as Toronto, and in England.

And this is really wonderful for the city of New York. There were two things I said when I began that I said I was concerned about, that the image of New York City was becoming the image of a city of too much crime. We now lead America in crime reduction. And we were seen as a city that was the welfare capital of America.

And whether we lead America or not, I do not know. But we certainly have done more than the city has ever done before in moving people off welfare, getting them into a workfare program that ennobles work, and makes work a core function.

And I think that what we are doing very simply is we are substituting for many, many failed social programs the only social program that really ever works, which is to give somebody a job. Thank you.

[The prepared statement of Mr. Giuliani follows:]

Mayor Rudolph W. Giuliani
House Committee on Government Reform
Thursday, March 13, 1997, 10:30
Room 311 Cannon House Office Building

Good morning, Mr. Chairman and members of the Subcommittee. Thank you for giving me the opportunity to speak with you today about several governmental reform efforts being undertaken in New York City that are producing exceptional results on the local level and may be of benefit to you as you work to implement "The Government Performance and Results Act."

"The Government Performance and Results Act" comes in response to an overwhelming desire on the part of the American people to see government become more accountable, effective and efficient.

In New York City, we've seen how effective management can yield successful results. Throughout the country and throughout the world New York City has become known as a place that welcomes growth and progress, but even more importantly new ideas.

When I first came into office three and half years ago, there was the feeling on the part of many that New York City was headed toward an inevitable state of decline.

In this negative atmosphere, there were was a deficiency of new ideas and certainly solutions were not in the offering. Most politicians sat back, complained, endlessly debated the issues, but offered no real solutions. And in the mean time our city had spiraled out of control.

Times have changed. Today we've reinvented government, our city and our way of life. We've become a city where new ideas are welcomed and actually put to the test. Some of these ideas work better than others -- but we are continually thinking and looking for solutions. And that's what matters.

New York City is now one of the safest large city in the country, and since 1993 crime has declined by nearly 43 percent… murders are down by over 50 percent…

As a result of these dramatic declines, New York City is safer today than at any time during the 1990's, 1980's, and 1970's. In fact, our current crime level is equivalent to that of 1968, almost 30 years ago.

These results were achieved because we carefully re-thought the way the police department should operate. And the strategic missions we came up with proved to be a resounding success.

Until recently the New York City Police Department lacked strategic direction and oversight. While they were dealing effectively with individual crimes, they weren't preventing and reversing crime trends.

Times have changed. We've made critical improvements in the way the department does its work, establishing separate detailed strategies for dealing with guns, youth crime, drugs, domestic violence, and auto-related theft, and paid special attention to the key objective of improving the quality of life in public spaces.

We've found that by enforcing laws against relatively minor crimes such as public drinking, squeegee operators, low-level drug dealing, and so on… we are helping to solve far more serious cases involving gun and drug dealers and other dangerous criminals.

This police strategy is based on the precepts of James Wilson's "The Broken Window" theory and its met with great results.

Take, for example, the squeegee operators that had been harassing and intimidating people for years at street corners and highway entrances to our city. Most New Yorkers believed that this was just an unpleasant fixture of life in the city. But with unremitting police pressure, we banished the majority of squeegee operators in six months.

Within a year and a half of taking office, our administration achieved the merger of the city's previously separate housing and transit police departments into the New York Police Department -- an initiative which was supported but not acted upon by at least four prior mayoral administrations, or a period of over 25 years.

The merger allowed for the reduction of duplicative and redundant administrative functions and yielded the redeployment of over 500 officers to direct patrol duty.

Now, through the use of greater numbers of officers on patrol and a unified deployment strategy, the NYPD is a more effective and efficient force.

Another critical component of the success of the New York Police Department has been an innovative style of police management called "Compstat."

"Compstat" uses intensive crime analysis sessions, up-to-the minute crime statistics, and computer "pin mapping" technology as basic crime fighting tools. Compstat transformed the NYPD from an organization that reacted to crime to a police department that actively works to deter offenses.

Before Compstat, the NYPD's 76 precinct commanders were isolated from the department's top executives. They rarely met their superiors at police headquarters. Under the Compstat system precinct commanders meet with the police commissioner, chief of department, chief of detectives, and other top leaders at semi-weekly meetings where together they identify local crime patterns, select tactics and allocate resources. Precinct commanders are held accountable and every five weeks they return to face the panel.

Before the Compstat system, crime statistics were out of date, sometimes lagging three months behind current levels of criminal activity. Today the Compstat system has brought crime statistics up-to-the minute.

Computer technologies allow the mapping of patterns and the establishment of causal relationships among different categories of crime. In a truly interactive use of computers, crime pattern maps are displayed on large screens in the Compstat meeting room, assisting and guiding the development of new tactics and solutions.

This kind of communication has been one of the keys in our battle against crime. The police department's various bureaus used to function as separate entities. Precinct problems were not being addressed. Today, resources are allocated at Compstat meetings, providing close coordination and directing appropriate resources to crucial crime patterns in particular precincts.

The Compstat process, answers the question raised by David Osborne, author of the much heralded book, "Re-inventing Government," that is, how can government agencies, like businesses, measure their success.

The analogy which I often use is that of a major banking institution which each day at the close of business contacts its branches to assess the transactions of the day so that it can develop strategies to enhance its measure of success, namely, profits.

For years, the NYPD's measure of its performance was based on arrest statistics -- an indicator that while important is not a measure of its success. After all, the primary mission of a police force is to prevent and deter crime, a mission which is measured by crime statistics not arrests, since arrests represent a police response to crimes that have already occurred.

Through the use of Compstat, the NYPD captures, retrieves and analyzes crime statistics on a daily basis, and, like a bank, is able to quantify its successes and develop strategies or deploy resources to build upon that progress.

In New York City, we believe that through strategic management and the rapid deployment of patrol resources we've reduced crime by the lowest levels its been in over three decades.

In every government agency we are now looking for results. And what we're looking for regarding our welfare program is to see just how many people we can help become independent as soon as possible.

It was only a few years ago that New York City had a passive philosophy about the growth of welfare. When we began our reform efforts about two years ago, the welfare rolls in this city were nearly 1.2 million people, culminating the longest period of sustained welfare growth in the last 25 years.

In a city of nearly 8 million people that meant approximately one in six New Yorkers was receiving public assistance. That was a tragic shame. Because these able-bodied people, with limitless potential, were not participating in the workforce and were excluded from being a productive part of New York City's economy.

Since we began nearly 245,000 people have been moved off welfare -- the largest number of individuals moved off welfare in any other city or state in the entire country.

Our Work Experience Program [WEP] in New York City is designed to help public assistance recipients find employment and help supplement services in some key areas affecting the quality of life for all New Yorkers. WEP participants are given structured work assignments in areas that help to improve community services or government operations.

For example, the WEP workers assigned to the department of parks and recreation and the department of sanitation have helped to make our parks and streets the cleanest they've been in over two decades.

Currently about 37,000 people are participating in the work experience program, and over 120,000 people have moved through the program and now into self-sufficiency.

At the core of our approach to welfare reform is the basic concept of a social contract -- that for every right there is a duty, for every benefit an obligation.

Our workfare program requires all able-bodied recipients of public assistance to participate, promoting a sense of personal responsibility and reciprocity, so that people can have the confidence to take charge of their own lives.

It's interesting to take an evaluation of people's attitudes toward work in that many view something punitive about working.

When I suggested people in emergency shelters be assigned to work, there were some that criticized that I was attempting to "punish" people.

Their attitude is very revealing as a significant difference in philosophy. Whereas they consider work punishment, our administration considers work an opportunity for improvement and for growth.

An article last Monday in the New York Times cites our workfare program's successes and failures.

As a success it notes Maggie Montalvo, a mother fearful of losing her benefits after 15 years on welfare, who now meets her 20 hour-a-week work requirement by assisting teachers at her daughter's head start program while studying for her high school equivalency diploma.

The article attempts to cite the failures of our workfare program. To illustrate the point, the article looks at the case of Mr. Contreras, who said he refused his work assignment because he was frightened and humiliated by having to sweep streets for his welfare benefits.

Unlike Mr. Contreras, I also consider this case a success. The fact that he views working as a streetsweeper "humiliating" is more of a commentary on a very different philosophy that Mr. Contreras was taught. It just so happens that New York City's Sanitation Commissioner John Doherty started out as a streetsweeper.

As Martin Luther King, Jr. believed, "If a man is called to be a streetsweeper he should sweep streets even as Michelangelo painted, or Beethoven composed music, or Shakespeare wrote poetry. He should sweep streets so well that all the hosts of heaven and earth will pause to say, here lived a great streetsweeper who did his job well."

Our administration also believes that a job well done restores a sense of dignity, independence and self-esteem that no social program can match.

New York City has become a national leader in the area of welfare reform and our success is being used as a model for the rest of the country to follow.

And even other localities are coming to us for advice. For example, Ontario, Canada is in the process of putting together a program based entirely on our work in New York City.

Over the past three and half years, we've dispelled the defeatism that had once prevailed in our city. We are now a city that welcomes growth and opportunity and our many successes have become a model for the world.

No longer are we a city that is afraid to re-think the status quo and come up with a better way. We are constantly striving and succeeding in making many of our city agencies more accountable, efficient, and effective.

It's my sincere hope that the federal government can learn from the unparalleled success we enjoy in New York.

Thank you.

# # #

Mr. HORN. We thank you, Mr. Mayor. We are going to proceed with questions now. That was a marvelously eloquent statement and showing of commitment, and showing what leadership that is not afraid of making the tough decisions can do in turning a city around. And not some of the mayors that we see that sort of hide in their office and go cut ribbons, and do not know what it is to make a tough decision.

Let me ask you a few questions on your testimony. And then we are going to have 5 minutes for each of us. And we will keep rotating until we get all of the questions out of our system, and as long as you are patient.

I am curious as to what the most difficult factor you found in trying to turn this operation around, what was your biggest obstacle?

Mr. GIULIANI. Resistance to new ideas. And whenever a new idea was proposed, it was contrary to the notions of political correctness. It was almost an effort to kill the idea before people could try and look at it and do it.

I mentioned that the very first time that we proposed fingerprinting or finger imaging welfare recipients, there was a massive reaction. This was insulting. Which actually exposed what was wrong with the philosophy that was being implemented in the first place.

There is nothing insulting about being fingerprinted. People are fingerprinted for jobs all of the time. But it took a whole lot to deal with a new idea.

And New York City in a strange way, although it is America's largest city, in some way, its intellectual core can become the most rigid. And it is very, very difficult to propose a new idea.

I think that we have changed that. Because so many of the new ideas, some of which I am illustrating here, have now been able to create results in New York City that the city, at least in a few areas, appear to be very successful.

Mr. HORN. Having been a university president, I can testify under oath, or without oath, that people who like dealing with ideas do not dislike new ideas. They like their fixed ideas that they have been comfortable with. It is very hard to change.

I would think that besides that factor, sort of dealing with the corporate culture of the organization, you know, the old saw they have said for years. That they trained the right young people in the academy to go out on the beat. And the sergeant said, "Kid, forget the stuff that you were taught in the academy. Just watch what I do."

And to break through that, a person with your criminal justice background would be one of the few people who would understand all of those interrelationships. But I think that was one of the major problems.

I am curious on the fingerprinting that you mentioned with welfare workers.

Are all of the welfare recipients having an identification card and fingerprints?

Mr. GIULIANI. All of their identifying data is put into a computer. And as part of the actual interview, they are really finger imaged rather than fingerprinted, right on the computer. It is four digits.

So if in fact they are already collecting welfare benefits, that would within a minute be searched by the computer.

Whenever you deal with New York City, which I learned when I became mayor, you are dealing with a volume that is almost unimaginable. This is enormously important. Because it might take you, if you just search manually, it might take you weeks to find out, if you could at all, if the person was on welfare benefits in another county of the city. Or even as happened more often, another county of the State.

We had a lot of cross-over welfare recipients with other counties of the State of New York, Westchester County, and Nassau County, and Suffolk County. We are now able to search a computer base, so the people no longer try and do that.

Mr. HORN. How many thousand left the rolls as a result of that simple thing of a fingerprint identification or a visual image?

Mr. GIULIANI. I would have to go back and tell.

Mr. HORN. Los Angeles County did a similar thing. Thousands were taken off the rolls without question. That is a county of a million people.

Mr. GIULIANI. It is certainly thousands. I could probably find out for you and will get the precise number.

Mr. HORN. If you have it. We will put it in the record at this point.

[The information referred to follows:]

As of April 2, 1996, 37,584 cross-over welfare recipients have been taken-off the City's rolls as a result of our fingerprinting program.

Mr. HORN. I think that with the responsibility, to use the Governor's term, of devolvement of power and authority to precinct commanders, and giving them a more active role, that a lot of cities would be out recruiting your precinct commanders, because they now understand a new system.

Has that happened very much, and does Compstat go with them, and are other cities asking for that data base, that type of software?

Mr. GIULIANI. Two things. First of all, it has always been true that commanding officers in the New York City Police Department are often recruited to be police commissioners and police superintendents in other parts of the country. That has happened very, very often, and it continues to happen.

There is a tremendous amount of interest in the Compstat program. And we have had delegations from at least 20 different cities come to visit the program.

Mr. Chairman, or Congresswoman Maloney, Susan, any of you who want to come and see it, we would be happy to show you. It is done twice a week. It is done in a room about half the size of this one with a big map on the wall.

It is interesting and exciting, and you can actually see how it operates. The police commissioner would be happy to show it to you. He has had groups from Washington, DC, and Baltimore.

Mr. HORN. My colleague here has been wanting us to have hearings in New York City. So we will figure out a way to do a number of things when our ranking colleague is hosting us up there.

Let me ask you on the jail capacity in New York City, are the New York City jails under any Federal court order as to a constitutional jail?

Mr. GIULIANI. The New York City jails are under a Federal court consent decree that we had amended and lifted about 8 months ago, because I believe that we had demonstrated to the judge that we had accomplished everything that was sought to be accomplished 15 or 20 years ago. And now the mandates had really turned into very, very unrealistic micromanagement of the jail.

So we have been relieved of many of those mandates. Our jail population is pretty close to the highest that it has been.

Mr. HORN. What is it roughly?

Mr. GIULIANI. We have about 20,000 people in jail in New York City. And we have about 60,000 people for the entire State that are in State prisons, of which New York City is probably about 60 to 65 percent of that prison population.

So there is no question. I said that there were a number of things that have led to the decline in crime. The number of people in jail in New York City or in prison in New York State contributes to the crime decline in New York City.

Mr. HORN. I assume that your jail system has a classification system in order to conform with that consent decree.

When a judge sentences an individual to a year in the county jail, let us say it is a felony—and as you and I know, 30 years ago, you usually had the town drunk and misdemeanants in the county jail, and the rest were in State prisons. Now you have a much more hardened population.

So what happens? Does the director of corrections take them in and keep them for a year, or do they let them out the next day? In Los Angeles, we have let them out the next day.

Mr. GIULIANI. We have an interrelationship with the State. Once a person is sentenced, the person becomes the responsibility of the State. But if it is a short sentence, or if it is a misdemeanor, they might actually serve their time in a city jail.

One of the things that needs to be changed in New York, which makes the performance results for the police department, and the corrections department, and everyone else even more remarkable is we probably in the State of New York—I should not say probably, because I have looked at this over and over again—we by and large put people back out in the street through a very bad series of laws and court decisions faster than anyone else in the country.

You would be likely to spend less time in prison in New York for a crime that you committed than in California, Pennsylvania, or Florida. Because New York has never gone through in New York the reform of the criminal justice system that most States went through in the 1980's.

It has been tried, resisted, and stopped. So if you are convicted of rape let us say in New York, and you are sentenced to 10 years in prison, you are probably going to be out in 3 to 4 years. Whereas if that same conviction took place in Florida, you are probably going to be in for 8 or 9 years.

So we tend to put more of these violent criminals back out on the streets for longer periods of time in which they can commit crimes of violence, than in most other places in the country. We still es-

sentially there have the philosophy of the 1960's and 1970's, without the readjustments that took place in most places in the 1980's.

If my police commissioner were here, he would tell you that the single most important thing that we have to do to continue these crime reductions is end parole in the State of New York.

Mr. HORN. Since I went over, I will yield 7 minutes to my colleague, the distinguished ranking member from the city of New York, Mrs. Maloney.

Mrs. MALONEY. Thank you, Mr. Chairman.

Mr. Mayor, what advice would you give the Mayor of Washington, DC, to work to control the crime here in this city?

Mr. GIULIANI. Well, there are different problems in different cities. I would say that the things that we are doing that are exportable to any city, including Washington, DC, and that would have fairly immediate results, is to incorporate the broken windows theory. To make certain that you organize something like the Compstat program, so that you evaluate crime statistics in every precinct, every day.

That you give your local commanders essentially full responsibility for reducing crime in their precincts, and work with them to come up with ways to get the resources to do that. That a lot of crime reduction can come about through management of the police department.

And that at least those two general things that we are doing, the Compstat program and the broken windows theory, can work in Washington, DC, or anyplace else in which they are used.

Mrs. MALONEY. In the Compstat program and in developing the state-of-the-art computer system, how much did that cost, and did Federal dollars or the Federal Government play any role or are they playing any role in this program?

Mr. GIULIANI. Well, right now, we benefit greatly from the crime bill. Much of this started before the crime bill, so it really did not fund the initiation of these programs.

New York City was ahead of the curve in terms of hiring more police officers. The crime bill impetus to hire more police officers came after New York City actually hired 5,000 or 6,000 more police officers.

But here is the way that the Federal Government has helped us. When the crime bill was first suggested, the theory of the crime bill was to hire more police officers. I realized that in New York City we had already done that, and we were not going to get any real benefit from the crime bill.

So I asked that the crime bill be changed to include something that would be a little harder to understand, but we got the flexibility to hire more civilians. Because we could produce more police officers for the street by hiring 1,000 or 1,500 more civilians, and putting those police officers out on the street.

The President and both Houses of Congress considered that and made that change, largely at the request of New York City and Philadelphia. Because we really did not need any more police officers, but we needed more civilians.

We also asked for broader scope for technology. Now if I could give you a dollar amount, we are probably getting about $120 or $130 million of assistance out of the various programs in the crime

bill, all of which assist us in having modern technology, improving that technology, having civilians do work that previously police officers were doing, so they could not be out patrolling the streets or making arrests.

And it did not initiate these crime reductions. But I do not think that they would have continued at this level, if we had not had that support.

Mrs. MALONEY. I can remember my first official meeting with Mayor Koch. At that time, I was a staffer for the New York State Assembly Cities Committee. And we met with him on what were the legislative priorities and the priorities of New York City.

I remember that he put as one of the top priorities merging the police departments. And it has been a priority of many mayors even before Mayor Koch and Mayor Dinkins. It has always been something that was out there that seemed logical and common sense for our city, but no one was able to achieve it.

You talked about some of the successes of putting more police officers to work the streets, or to help in crime prevention.

Could you talk about some of the obstacles in getting the merger, and why do you believe that you were able to succeed when former mayors were not, who had tried very, very hard to achieve it? But I would like to know what some of the problems and obstacles that occurred, and how you overcame them? I think that it might be helpful to other Members who confront the same local problem in their cities across the Nation.

Mr. GIULIANI. The major obstacle frankly was unions. You had three separate unions, and three separate union leaderships. And if you merged them together, there would only be one. You had three separate union presidents for the police, transit, and housing. And two of them knew that they would no longer be union presidents if the merger took place. You had three separate treasurers and secretaries.

And in police work, if you are a police officer and an officer of the union, you get to sit around the union headquarters all day. And union officials and union officers have a tremendous amount of political influence, as you know.

So frankly, the major obstacle going back to Mayor Lindsay and getting this one would be the vast and fierce opposition of two of the three PBAs. We had one for the police department with 2,728 officers running it. We had one for the transit police with 2,728 officers running it. And we had one for the housing police.

Well, that group of transit and housing officers knew that if a merger took place, maybe a few of them would survive, but most of them would no longer be kings, and queens, and high potentates. And that was the major opposition to it.

Most of the police officers, the ones out there risking their lives in the housing and transit police wanted to be New York City police officers. Because the career path was better. Instead of always being in one area of assignment, you had the possibility of a multitude of 20 or 30 different kinds of assignments, and a much greater career path. It was more interesting work, because it was varied.

Mrs. MALONEY. Did you need State approval?

Mr. GIULIANI. We actually figured out that for housing it could be done with the approval of HUD. And frankly, Secretary Cisneros and then Assistant Secretary Cuomo were enormously helpful to us in getting that done. We got that done administratively through the New York City Housing Authority and HUD by getting the approval of HUD to disband the housing police, and incorporate it into the New York City Police Department. We were sued by the union, and we went to court. They blocked it for a year. And we finally won the lawsuit.

With regard to the transit police, I needed an affirmative vote of the MTA. And Mayor Koch had gotten very close to doing this and lost by one vote. Actually, a vote that was promised to him. And then the person, I would say because of pressure from the union, changed his mind. We were fortunate. We were able to get it through.

Mrs. MALONEY. So there was no action by the New York State Legislature in this merger?

Mr. GIULIANI. I think that it would have been frankly impossible to do, if that were the case. The pressure from the two unions, knowing the kind of influence that they exercise over the New York State Legislature, would have been so great, that despite the fact that most police officers wanted it, it would not have happened.

Mrs. MALONEY. My time is up.

Mr. HORN. I thank the gentlewoman.

And I now yield 7 minutes to the gentleman from Illinois, Mr. Davis.

Mr. DAVIS OF ILLINOIS. Thank you very much, Mr. Chairman.

Mr. Mayor, I, too, would like to express my words of welcome to you to these proceedings. And I would also like to indicate that I thoroughly enjoyed your testimony in both its substance as well as the eloquence in which you presented it.

I am particularly interested in the ability to reduce crime to the level at which you have been able to do. Especially given the fact that so many of us throughout the country sort of look to see what is happening in New York in terms of the reputation for innovativeness, for creativity, and for wrestling with the problems of the largest city of our country.

The question that I have is were they, or how involved were community groups and organizations in helping to develop this new strategy of increasing patrol time, and dealing with what some might call mini-problems?

Mr. GIULIANI. Vitally important. As I think the chairman pointed out when he used the term of devolvement of responsibility, what happens through the Compstat program, which is what the technology of it is, is a precinct commander is made the police commissioner for his or her area of the city.

And the precinct commander has to show results, reduction in crime. That is what it requires precinct commanders to do, because they know every week and every month, the police commissioner is looking at what has happened with all of these crimes. The precinct commander all of a sudden becomes a community involved person. Because the precinct commander realizes that one of the ways that you can reduce crime is with close associations and ties to the community groups. They can help you deal with youth vio-

lence. They can help you deal with the people who are really going to line up and help the police, and the people who are going to be problems. Each one of the precincts in the city has precinct councils. They bring in people from the community. It is organized, and it is structured. But it means that at least once a month and very often once a week, the commanding officers of the precinct are confronted with people from the community to deal with areas of mutual interest, antagonism, and problems.

If the police are having a problem in reducing a particular area of crime, they can ask the community to help. If the community feels that it is under-policed in a certain area, they can raise those complaints.

It would be incorrect if I gave you the impression that all of these precinct councils worked perfectly. But some of them work really well. And all of them at least create lines of communication.

So I would say that community support is absolutely vital to getting this done. But by focusing on crime statistics and saying to a precinct commander the result that we want from you is not that you arrest people, we know that you have to do that, but the result that we want from you is we want to see murder rates go down, and we want to see rape rates go down.

And the precinct commander understands immediately that one of the ways to do that is to get the cooperation of the community. So it is in their self-interest to make sure that the police officers get involved. And that is something that we are still working on. That is still not working to the level of satisfaction that I would like.

The police commissioner this year has put a tremendous emphasis on something he calls CPR—courtesy, professionalism, and respect. To try to increase in police officers the understanding that by acting respectfully, they are actually going to bring crime down more.

It is something like the broken windows theory. When you arrest somebody, treat them in a respectful way. Even if you are angry, treat them in a respectful way. It will create a much different atmosphere in the community.

Mr. DAVIS OF ILLINOIS. So it is really a form of further decentralization with more authority as well as responsibility being given to the local command?

Mr. GIULIANI. Correct. It gives them a tremendous amount of authority, but makes them highly responsible with a daily measure in a sense of whether they are doing a good job or a bad job.

Mr. DAVIS OF ILLINOIS. My mother used to tell us when we were kids and had money, that if we took care of our nickels and dimes, that the quarters and the 50 cents and dollars would take care of themselves, so we would have a better understanding of how to do that.

The idea of dealing with the broken window problem is the idea that if you focus on what people call small crimes, that in all likelihood that it will reduce the temptation for individuals to get involved in larger crimes.

Mr. GIULIANI. That is certainly a very big part of it, Mr. Davis, yes. If in a city you say we take fare jumping seriously, you are going to teach a lot of young people even at a young age that they

should not be fare jumpers, and they are not even going to move on to the other things that they might consider doing. That is certainly part of it.

Mr. DAVIS OF ILLINOIS. I must ask you a question, if I might, about the work experience program.

As you have reduced the number of people on welfare, are you suggesting and recommending that one way to deal effectively with the transition from welfare to work is for Government at all levels to take more responsibility for the actual employment or the development of work opportunities for the individuals who have been in welfare?

Mr. GIULIANI. In cities like New York, it is critical that Government do that. Otherwise, you would have massive numbers of people without anything to do all day. The ideal is for somebody to have a permanent job. And from my point of view, the ideal is for somebody to have a permanent job by and large in the private sector. That is where they are going to have the real career opportunities.

The ideal is not workfare. But workfare is better than somebody doing nothing all day. And really, what we have in New York City now is not terribly different than the public works programs that existed in the early part of the New Deal.

What we are saying is that we want to enhance permanent employment. We never wanted to detract from permanent employment. But if you cannot get permanent employment and we are not ready to help create that—that is not happening for everybody. It is happening for more people, but not for everything—it is better for somebody to be doing something meaningful for part of the day than being entirely out of the workforce.

And the fact is that the work experience program participants are doing something enormously valuable for the city. Cleaning a city park is a big contribution to yourself and your fellow citizens. Cleaning graffiti off of city buildings is a very big contribution to your quality of life and the quality of life of your fellow citizens. And it keeps you in the workforce, and it keeps establishing the social contract with people on a one-to-one basis.

I should tell you that we try to be as careful about this as we can. Because I also believe that it should not in any way reduce permanent employment. Recently, I rejected something that our subway system did. They made an agreement with their union to remove I think a couple of thousand permanent jobs in order to save money, and replace the permanent workers with welfare workers. And they wanted me, the city, to supply them with the welfare workers, which I refused to do.

Because I want this program to increase permanent employment, not decrease it. The goal here is not for people to be on workfare for their entire life. The goal here is for people to be on workfare if they cannot get a permanent job. It is better than being at home. It is better than being out of the workforce. And we wanted to enhance permanent employment.

And so far, that is working. We have reduced city jobs by 22,000. We have decreased permanent employment by about 120,000. And that is exactly the direction that we want to go in. We want more people working in the private sector. And for the period of time

that they cannot get work in the private sector, then we have valuable things that they can do to help the city.

Now New York City might be more fortunate here, because we are a very big city, and we have a lot of needs, and we have a lot of things that can be done. But I think Government has a role, if it understands it correctly, in helping this transition happen.

And some of my questions and problems with the Federal welfare reform bill, which frankly, I think, has lots of problems in it, the philosophy of it, I not only agree with, I incorporate in the workfare program.

The mandates, how intensive they are and how much of a cost shift is made to local government, I think are very damaging.

Mr. DAVIS OF ILLINOIS. Is it cost-effective? The last question.

Mr. HORN. We have a vote. If Members would like to go over and vote and come back, we will continue the questions.

Mr. DAVIS OF ILLINOIS. Thank you. I will go vote.

Mr. HORN. What is the percent of sworn officers here on the police department who are asked to go interact with clients, to interact with students, with groups or whatever?

Mr. GIULIANI. I would say that it's about—there are always different ways of evaluating this. I would say what I would consider to be administrative work, where they are not involved in enforcement, direct enforcement activities, it is probably down to about, now, 10, 12 percent. It used to be as high as probably 20 percent.

Mr. HORN. Because we just went through a Booze, Allen, and Hamilton study of the DC Police Department. And just to round it off, out of 1,000 sworn officers, there are really only about 200 on the streets. They need a dose of your medicine, in brief, in this city.

What have you done in terms of reinvention of processes and all of the rest in other areas besides the police department; have you targeted other areas of your administration?

Mr. GIULIANI. In the law enforcement area?

Mr. HORN. Right.

Mr. GIULIANI. In the criminal justice and law enforcement area?

Mr. HORN. You obviously have done great here. And I am sure that every single agency that you have can use some rethinking of how they do their business.

And I was just curious as to what your general priorities were?

Mr. GIULIANI. Sure. We have tried to do the same thing in every agency of Government. In other words, spend time with them figuring out what results there are that the public wants achieved in that agency. And then set those up as measures. Put them out there very publicly, and not be afraid to be accountable.

For example, what I am trying to do right now with the Board of Education, where we educate 1 million students, I have taken $120 million and put it in a special fund, the purpose of which is to give students 6 more hours of reading instruction per week for schools who want to participate. To really get students private tutoring, so that their reading scores can be improved.

But the program that I am working on with the chancellor of the New York City School System is to only get this money if you agree to be evaluated. The children tested on reading scores to start with. The children tested after 6 months. The children tested after a year.

If you are improving reading scores, we will continue you in the program, and have you expand it to help even more children. If you are not, then the chancellor is going to have to consider if we have got to change the personnel doing the instructing, because they are not really doing a good job.

We are trying to incorporate in the educational system, which is independent of the mayor—it is not as easy to do, because they are not directly responsible to me—the same kind of results-oriented management. So we start tying the spending of money to improved reading scores, and how do you do it? Improve math scores, and how do you do it? Improve graduation rates, and how do you accomplish that?

So we are attempting to use the same process there. And believe me, it is needed even more in that area. Essentially, what you had in the New York City Public School System is the culture of unaccountability. And what we are trying to change it into is a culture of accountability.

So if you want more money, you have got to put yourself on the line for it. We are going to be able to improve the basics of education. And we are going to be willing to be measured by that, and held accountable for it.

Mr. HORN. Well, I will pursue that when I return, because that is an exciting area. My words, as I left the DC hearing, was that this Congress should not tolerate thousands of African-American children going through the school system in the District, and they cannot read. It is a national disgrace. And we need to do something about it.

We ought to look to New York. But as you know, the educational hierarchies in many of these cities, they are sort of independent of the mayor in most cities in America. And that is increasingly part of the problem. When we thought that we were protecting them 30, 40, 50 years ago from political intrusion, now we are just protecting them for public opinion.

Mr. GIULIANI. I just had that conversation yesterday with the mayor of Los Angeles.

Mr. HORN. We see eye-to-eye.

Mr. GIULIANI. He has the same view on that.

Mr. HORN. We are in recess for 10 minutes, or until Mrs. Maloney returns and begins the hearing with her questioning.

Mr. GIULIANI. Thank you, Mr. Chairman.

Mr. HORN. Thank you.

[Recess.]

Mr. HORN. Thank you for your patience, both audience and witness. This is a vote on the rule to consider a very controversial resolution with the recertification of Mexico, given the drug situation.

I do not know if you have any views on that, Your Honor. But if you do, I think that a lot of Members would appreciate knowing it. Because you can vote either way in doing the right thing. This is one of those votes.

Mr. GIULIANI. I do not know the resolution. But the maximum amount of pressure on Mexico to do more about the drugs that are grown there, the crops that are grown there, is valuable and important.

Mr. HORN. There is no question that there has been a difficult time where drugs are still being flown in from Colombia, dropped below the border, and dropped out at sea. Several of us went out and looked at that situation several months ago.

There is also no question that a hundred people lost their lives fighting drugs in Mexico—judges, prosecutors, police chiefs, and so forth. So it is a very difficult question. And we will have 2 hours to argue over the rule. And maybe by that time, we will all have made up our minds.

Getting back to your results-oriented government there, I am curious. You mentioned education as we broke up for the vote.

Are there any other areas that you see as major opportunities for this type of turnaround?

Mr. GIULIANI. The Administration for Children's Services is another example of trying to accomplish the same thing, and one that is harder. Because there is less agreement on what the results are, and it is harder to categorize those results. But we are moving toward that.

When I became mayor of New York City, we dealt with protecting children as part of the overall approach of the welfare. The Child Welfare Agency was part of what we call the Human Resources Administration. It was a $6 or $7 billion agency. Child Welfare was about a billion of that $6 or $7 billion agency.

And because of a terrible tragedy with a child dying in New York City, I really focused a tremendous amount of attention on what was going wrong there. And one of the things going wrong was that priorities of protecting children were being subsumed in to the priorities of dealing with welfare.

And we needed to take that agency out from under HRA and make it a separate agency, and put the sole focus on what we can achieve in terms of results in protecting children. And I appointed a commissioner, because a lot of this is about leadership, a commissioner who had a very strong background in both child protection agencies and law enforcement, because both are involved here.

And he spent months, and months, and months, and I devoted a lot of my time to this, trying to figure out what the results are that we can use to measure the success of this agency for all of the people who are in it similar to what we have done in the police department.

We used one of the same consultants who did the police department study for us to do a study of the Administration for Children's Services.

Mr. HORN. On the consultant, was that a major consultant firm?

Mr. GIULIANI. No. It was a single individual who helped us and worked with us. Really most of the work has to be done within.

Mr. HORN. Could you share the person's name? We might want to put him to work on testimony, if you are advising other people to use him or her?

Mr. GIULIANI. Sure. Jonathan Lindner.

Mr. HORN. Jonathan.

Mr. GIULIANI. Lindner.

Mr. HORN. Lindner?

Mr. GIULIANI. Right.

Mr. HORN. Very good.

Mr. GIULIANI. And we produced a report that lays out in great detail the results that we now expect of that agency. How to get there, and how they will be measured over a period of time.

And ultimately, the most important result, like the ideal of preventing crime is, to prevent the death of children through abuse and neglect. To eliminate completely abuse and neglect of children.

You know that you are probably never going to achieve that perfect objective, but you have to make it your objective. Just like the objective of the police department should be preventing all crime, knowing that it is never going to achieve that result. But maybe in trying to reach for that result, you have the kinds of reductions that you have been able to produce.

Mr. HORN. Speaking of children, does the New York City government have any role in collecting payments from deadbeat dads which leave the city or your jurisdiction?

Mr. GIULIANI. The agency that I just mentioned——

Mr. HORN. Has that responsibility?

Mr. GIULIANI [continuing]. Now has that responsibility. And again, by focusing on results, and focusing on statistics and technology, they have been able to measure their success. Their collections are now up 30 to 35 percent.

Mr. HORN. I do not know if they are aware of the bill, the Horn-Maloney bill, that became law. Commissioner Adams, the Commissioner of Revenue for the State of Massachusetts, said that was the best thing he has seen in years. Because he can now run State tapes against Federal tapes, and find out where the deadbeat dads are, and get a collection out of them.

And I remember that the President used a national radio address to mention that. He just did not mention the authors of the bill. That is OK. We are used to that. Just get it into law.

But that might be helpful to your group in terms of catching them. Adams thought that it was millions for the Massachusetts treasury, and to get them to the people.

Mr. GIULIANI. One of the things that emerges from this study is that children whose fathers are properly contributing to their support tend to have much better reading scores, math scores, much less frequent involvement in violating the law, and their graduation rates are much higher.

The connection of the father to the child, and making sure that the responsibility is carried out, not only has tremendous financial benefits for the mother, child, and society, but it is sometimes the thing that is needed to link the child to their father and to maybe a better future.

I have been a long time advocate of what I call the right brain theory of education, the creative and artistic aspects of the child. And it goes back to my own grammar school experience in a rural part of California. A third of my classmates were Hispanic, and their parents really never had a chance to go to school. And I saw some tremendous artistic talent that I did not have.

Those of us who were getting high grades in math or history, we still drew stick figures. And my colleagues, who did not know all of the math, and the history, and whatnot, they were drawing beautiful things that could be built on in a school system to raise

their self-esteem, and then transfer that energy and that commitment to school to understand some of the more left brain aspects.

And just 2 days ago, Ms. Slaughter, a Member from New York, and I hosted a gentleman by the name of Bill Strickland from Pittsburgh who is the recipeint of the top MacArthur Foundation grant, the genius grant, where they give you several hundred thousand dollars, and do with it what you want.

He has built as an entrepreneur, and a person who was a dropout practically from the schools, but a ceramicist, he has trained and educated welfare mothers, unemployed steel workers, and one thing led to the other. So he is operating a huge enterprise now with the latest architecture. They have never had a racial incident. The students are white as well as black, and so forth. It is really quite a success story.

And he has located this facility and built it over the last two decades or so in the very worst part of Pittsburgh where nobody in their right mind would go walking around. Yet they come to see the jazz concerts. He has got a music program. He started with a ceramics program, and taught them how to make ceramics, and how to get sales.

One thing then led to let's get into a food operation. He now makes hundreds of thousands of profit a year, which he pours into the school. They had a horticulture operation. They had a training young pharmacist assistants operation, and so forth. It is a marvelous story of innovation and entrepreneurialism, where the private sector and Government came together and got some things done.

So there is a lot of room for improvement, but we have got a lot of people like you have stuck their neck out, get the giraffe award so called, which is the proudest award that I have for sticking my neck out.

Mr. HORN. But that is important, to get their neighborhood entrepreneurs. There is a lot of talent out there. And how do we funnel some of that talent, and put them to work?

Mr. GIULIANI. Well, I think that in the area of education, that probably one of the biggest mistakes that was made in New York City in the past, and I think that this probably goes back 15 or 20 years, was to essentially defund arts education on the theory that arts education was discretionary.

And given the budget problems or whatever, arts education could be sacrificed. Because teaching reading, writing, arithmetic, history, or whatever was more important.

I am trying to reverse that. And I am trying to reverse that from the position that we talked about before you took the break, which is not being directly responsible for the school system, like Mayor Reardon is not, and Mayor Rendell is not. And all of them I think would say the same thing.

Mr. HORN. Hardly any mayor has any actual relationship.

Mr. GIULIANI. Every one of those mayors, all of whom I think are very effective leaders of their city, will tell you precisely the same thing—that our greatest frustration is that we do not have the jurisdiction or capacity to turn around the school system the way we turned around the other areas of city government. Because we could accomplish that.

And in the name of independence, what really has happened is unaccountability, total, absolute, complete unaccountability. And when you look at what has happened in Chicago, where the State legislature and the Governor had the courage to stick their neck out, and so did the mayor, and they turned the school system over to Mayor Daley, you are seeing the kinds of reforms there that could happen in the rest of the country.

My only agenda for the New York City public school system is not a political one. I do not have anybody who wants to politicize the New York City public school system. I do not even know if they would know how to do that. My only agenda for it is to be able to come before Congress the way I just did before, and show you the same results in education that we showed you in crime.

We will show you reading scores going up 20 and 30 percent. And math scores going up 20 to 30 percent. Graduation rates that were 20 to 30 percent becoming 50 and 60 percent. And I understand that we have to put arts education back into the schools.

So here is the way that I have to do it, which is not the best way to do it, but it is the way that you have to do it given the strange arrangement that takes place.

I have taken $25 million, and I have put it in the city budget. And I said to the Board of Education you can have that $25 million when you do two things. One, identify all of the arts programs that presently exist. And No. 2, figure out how you are going to match that money, so you can eventually get to $75 million.

Because I have to do that in order to get them to get into their system, so that we can put drawing, music, and everything else back into the curriculum. We are going to accomplish it, but it cannot be done as quickly and as effectively as the kinds of things that I am talking about there.

Mr. HORN. In 1975, I think it was, when I was the vice chairman of the U.S. Commission on Civil Rights, the Commission went to New York City to look at the education system. And what we found was that the State laws of the 1890's or so, was where they wanted a meritocracy. And we looked at the exams that they were giving for assistant principals. Three of us were college presidents out of the six members, Father Hesburgh, myself, and Chancellor Mitchell of the University of Denver. And we all admitted that we could not answer those questions.

This is the one for the assistant principal, usually the person responsible for truancy, and the discipline in the school and all of that. And the exams precluded anyone with common sense from becoming the assistant principal in the New York City school system. And that was the State mandate of the Merit Commission, as I remember.

And that was good for its time when you wanted to keep my Irish relatives with a third grade education out or teaching the sixth grade or something. But that was not good in the 1970's and 1980's. And they needed a little more flexibility. And I do not know if the State government has given them any of that?

Mr. GIULIANI. Yes, that has been changed.

Mr. HORN. Good. Because it was sure needed. And we pointed that out in a report, as I remember.

I am now going to yield time to Mrs. Maloney, because I know that she has a number of questions.

Mrs. MALONEY. It is great to have the mayor of New York here, and we can ask him questions about the problems.

My office is getting a lot of calls, and I am sure that Susan Molinari's office is, on the Federal change in the SSI program. And I am getting calls from some people who are 105 years old or certainly relatives. Really elderly and frail people, 94. They cannot take the test for citizenship. And their SSI payments by law are going to be terminated.

How are we as a city going to confront this problem?

Mr. GIULIANI. This is a very, very big problem.

Mrs. MALONEY. I would think that your office is probably deluged.

First of all, who would I call in your office on these problems?

Mr. GIULIANI. Well, he is sitting right here. Tony Coles. Stand up, Tony, and identify yourself.

Mr. COLES. Tony Coles.

Mr. GIULIANI. Senior advisor to the mayor.

We are very concerned about the effect of both the Federal welfare reform bill and the immigration bill on legal immigrants. And I could give you an analysis of the numbers and the dollar impact of it. But beyond that, I am very concerned about the essential unfairness of what both of those bills will do.

We have many, many legal immigrants in New York City. They are allowed in by the Federal Government. We have no voice in that, which we should not. Immigration in that respect should be controlled by the Federal Government. But we have large numbers of legal immigrants. The Federal Government collects taxes from those legal immigrants on the same basis that it collects taxes from me. And they work in slightly higher percentages in New York City, our native New Yorkers do. So these are people contributing to the Federal Treasury in large measure.

Now when they become old, or if they become sick, they are largely going to be deprived of benefits, which I think is fundamentally unfair. I do not think that you take people's money on an equal basis to everybody else. And then when they have the same difficulty that other people have, you say no, you paid in on an equal basis, but we are not going to pay you out on an equal basis. I think that there is something over a period of time that will erode the notion of America, if we allow that to continue.

The practical problem for the city and the State of New York is that all of these illegal immigrants now denied SSI benefits and other Federal benefits will remain in the United States, as they should. I certainly do not think that they should be deported.

They will remain in the United States, and they will remain in the city of New York. And they are going to be sick, and they are going to need help. The Federal Government is now withdrawn from the field. The city and the State of New York cannot. We are not going to let people suffer, die, go in want. So the city and the State are going to have to make up the difference.

We are talking about hundreds and hundreds of millions of dollars, and a massive cost shift from the Federal Government to really four States and the cities in those States. Seventy-five percent

of the mandate, unfunded mandate shift here, is to the State of California, Texas, New York, and Florida, because those are the places where there is a larger percentage of legal immigrants.

I would suggest that the mandates in the immigration reform bill be extended for at least another year. So that we could assess what this is going to mean, and how to do it in a fairer way and in a more effective way.

My major objection to the immigration bill and the Federal welfare reform bill is we are not acting as partners. We have to reform welfare, and we have to reform immigration, but we should be sharing in the burdens and the difficulties of doing that. The Federal Government should not be pretending to reform both, and then shifting all of the costs of doing that to State and local governments, and not operating as a partner in doing that.

Because when you do not have to make decisions about your own budget, then you tend to have very unrealistic notions of how something should be reformed. And what I would like to see the Federal Government, first of all, extend the time period, so we have more time to assess it. And then to act as a partner with us in caring for people who are in need. Not pay for all of it, but act as a partner with the city and the State.

Mrs. MALONEY. I think that you are fortunate that Mr. Horn and I come from cities and States affected with the problem. We have a track record of working very positively together to address problems. You mentioned earlier a field trip. I would welcome a field trip to New York on just this issue, meeting with your staff and trying to figure out what we can do.

And I certainly would join my colleague in putting forth legislation for a 1-year extension. Being in the minority, we do not have the votes to reverse policy. But I certainly would like to work with my Republican colleagues in trying to get that extension renewed.

But it is something that we should confront right away. And I believe that your report said that the changes would cost New York City $500 million. That is an awful lot of money. But what we are confronting right now and what you were going to be getting very soon is not a numbers conversation, but real people who have their SSI benefits cut.

Where do we go in the city for the 95 year old woman who has just got her SSI benefits cut, cannot speak English, and has Alzheimer's, and cannot take the test to become a citizen; what office, and how are we going to process these people?

Do you understand what I am saying, where do I call? Last week, we got 20 phone calls in my office alone. And it is probably happening in every office across the city.

Mr. GIULIANI. There are several places to go. The Department of the Aging, if it is a person who is elderly and needs help.

Mrs. MALONEY. But Mr. Mayor, they are not going to have a direct——

Mr. GIULIANI. The Agency of Immigrant Affairs.

Mrs. MALONEY. They are not going to have a direct grant for these people. In other words, they are used to a Federal grant for their life subsistence, and if that grant is cut, unless things have changed since I was a city council member, there is no city program that will be a direct grant to help that person.

Mr. GIULIANI. They are all going to be eligible for home relief. And previously, people who went on SSI were not getting home relief. But remember, in New York State, you have a home relief program that does not exist in most places for single adults. In other States, there might not be anything available. But in New York, home relief is available.

Mrs. MALONEY. How much do you think that the shift is going to cost New York in the home relief burden?

Mr. GIULIANI. That was part of our estimate of $500 million shift of cost.

Mrs. MALONEY. A year?

Mr. GIULIANI. It probably is going to be more than that. But I can get for you our estimates of how much the cost shift will be, and how fast that will take place. Most of it will take place on people coming off SSI, and going into the home relief program.

Mrs. MALONEY. Another area that Anne Reynolds—is my time up, Mr. Chairman?

Mr. HORN. Your time has, but go ahead.

Mr. GIULIANI. The way that you reduce that, which is something we are doing right now, the way that you reduce that burden is by making as many people in those categories, when you can, citizens.

Mrs. MALONEY. My office is working to do that very rapidly. And we probably have the best record of any office in the city for achieving that result. But some people are just mentally incapable because of their age of taking the test, and of making that happen.

Very briefly, this committee has jurisdiction over land transfers for cities.

And who would I work with on your staff on the Governor's Island problem, and how would you like to work jointly with the Federal Government to solve that; who would I work with on your staff?

Mr. GIULIANI. Deputy Mayor Randy Mastro would be the person.

Mrs. MALONEY. Would you ask him if he would meet with me maybe in 2 weeks on that, so we can figure out what would be the best way to do it?

Mr. GIULIANI. Yes.

Mrs. MALONEY. A second problem that has come to my office, and again it has probably come to your office, is the problem of welfare recipients who are attending college now. And Anne Reynolds said roughly 5,000 no longer were eligible under the Federal changes to continue as college students, and to have that count as their workfare.

And she also mentioned something that would be very easy to change on the city level. She said that the problem was that the city guidelines said that students who were in college could not use their 20 hours working at college as a teacher's aide or whatever. That would really help keep our young people in college, if we could have that adjustment. And I just want to mention that to you and see.

Mr. GIULIANI. I have a different view than Anne Reynolds does on this. I think that you have to consider in all of that the minuscule graduation rate in the city colleges. The city college graduate rate for community colleges is below 5 percent. I want to say that one more time. It is below 5 percent.

And city colleges largely with one or two exceptions operate with no standard. So you do not have grade standards of any kind. My fear is that we are continuing in that college system the dependency model that we are trying to turn around with the welfare system.

That we are not graduating anyone. And we are reinforcing all of the worse messages of a dependency society. And the work experience for these students is often the single most meaningful experience that we are going to give to youngsters who are in this community college setting. Because the educational component of it, at least by any standards that anyone can make, is not working when you have a 5 percent graduation rate.

And to prepare these young people for life, they have to be able to understand that they must remain in the workforce. Because if they do not, you have terrible tragedies that occur later. The lack of standards in the New York City community colleges, not all but looked at broadly, really is appalling and frightening, and frightening for what it means in the future.

What we ask students to do is to work 20 hours a week. And if we were to say that would just be done on the campus of the community college, the same lack of standards in education would apply to work, and nothing would happen for these young people. No education, no work.

That is just the truth, Congresswoman. That is just the reality of what we face, which the bureaucracy of the college system does not want to tell you. What I have to worry about is what happens to these youngsters 3, 4, 5, and 6 years from now. And let us think of what we are asking of them.

Because what I am trying to reestablish in the city of New York, in which the chancellor has not been particularly helpful, is a social contract. That is what all of this testimony about welfare is about.

It would work something like this. For every benefit, there is an obligation. For every right, a duty. That has to be reinforced in everyone, the Mayor, the poorest person, the richest person. And the fact is that here are youngsters whose education is being paid for by someone else, and who are also asking someone else to support them. Essentially, they are asking other citizens to take money out of their pockets, pay them for their college education, and pay them salary benefits beyond that.

Now in return for that, they should be asked to do something in return. They are not asked to maintain any grade point average of any kind. They should be asked at least to work in exchange for that. That is a good thing to do for them. That is wiser, more compassionate, and more decent than what the community college system is doing for them.

It is in a more meaningful way and in a more decent way getting them ready for life. Just as I would with my own children, build in the sense and the ability that they are going to have to take care of themselves.

And I cannot think of an area in which young people are being disserved more than with a system that refuses to reform itself that has a 5 percent graduation rate, and is resisting 20 hours of

work by students whose education is paid for by the taxpayers, and who are also being supported by the taxpayers.

It is a vestige of the dependency society that we have turned around in other areas. And I hope that we can move on to a higher understanding of it, a more compassionate and a more decent understanding.

Mr. HORN. If I might——

Mrs. MALONEY. If I could, because this is very important I believe to the city of New York.

Respectfully, many studies show that if you want to break the cycle of poverty, really a college education, 2 years of college, that any additional education helps break that cycle. And I would like to request that you meet with me and Mrs. Reynolds. And maybe we could get a common ground of some standards, some effort to help in some way for the young people that reach certain standards to stay in college.

Mr. GIULIANI. The best thing that Anne Reynolds could do is support workfare for the youngsters that are in the college system, and reinforce in them the notion that working for your college education is probably going to prepare you for success in life, much better than remaining in basically a standardless educational system.

And that there is nothing onerous, and certainly nothing punitive, about asking a youngster whose education is being paid for by someone else, and who is being supported by someone else, to work 20 hours a week.

Mr. HORN. I am going to have to intervene.

Mr. GIULIANI. I also have to disagree with you, Congresswoman, because I have looked at the studies on welfare. The single most important thing to move someone out of welfare dependency is not education. It is work, and then education.

Mrs. MALONEY. Would you allow them to use their 20 hours in school, in other words work in the school while they are going to school? That would be a middle ground.

Mr. GIULIANI. If I turn over the workfare program to the community colleges, as I said before, we will have the same lack of accountability and standards in the workfare program as they are presently demonstrating in their inability to educate young people.

Mr. HORN. The time of the gentlelady from New York has long expired.

I want to clarify the record here, because it is quite confusing. As you know, one of the aid programs, besides the Pell grants, which the last Congress put at the highest level they have ever been, and the Stafford grants and other loan programs, direct loans, guaranteed student loans, all of that, in between is the college work-study program, where they can work up to 20 hours a week. The university pays them minimum wage or sometimes more based on experience.

And that is a very useful product. And the Federal Government years ago authorized those individuals to work with nonprofits in the community. Now I want to separate that program out from what I think the mayor is advocating. And I am not sure, because it is a little muddy, the exchange.

But the degree to which the people of the city of New York fund the colleges, am I understanding that you feel at least 20 hours of work ought to be contributed by those whose tuition and expenses are paid, or are you talking about work-study?

Mr. GIULIANI. People who in addition have their tuition paid for. They are not asked to work, if they are having their tuition paid for. They also want to get welfare. In other words, they are going to college. And at the same time, they want to receive welfare payments from the city of New York.

If you want both, a free education and welfare benefits, when what we ask is you work 20 hours a week. If all you are doing is seeking a free education, you are not required to work. But if you are seeking a free education, a largely free education, and welfare benefits, which after all in theory were intended for people without employment, if you want both, then you are asked like everyone else is to work.

The usual welfare recipient has to work 26 hours a week. The accommodation made to students is that they have a part-time job. They have to work for 20 hours a week. If you want additional welfare benefits, in other words the home relief benefits beyond just a free education.

Mr. HORN. And that has been recommended to the City College Board, has it, the Board of Trustees?

Mr. GIULIANI. The City College bureaucracy has unfortunately done everything that it could to undermine the workfare component of that. And my reluctance to allow them to manage the workfare program is that they have had such poor results managing the thing that they are supposed to do, which is educating young people in the community college system.

When you have a graduation rate of 5 percent, actually it is less than 5 percent—and if it were not for Kingsborough Community College, which has a graduation rate of about 35 percent, there would be almost no graduation rate in the rest of the community college system.

They basically have a disaster going on that is being covered over by political correctness and ideology, and fear of really facing it.

Mr. HORN. How are the board members selected for the City College of New York System?

Mr. GIULIANI. The board members are selected by the Governor and mayor, and they have terms. So it is only recently, like within the last couple of months, that I have been able and the Governor has been able to replace the board members. So we now, I believe, have a majority.

Mr. HORN. So there is a chance for this revolution to occur, I take it?

Mr. GIULIANI. It will occur.

Mr. HORN. You just need a few more votes?

Mr. GIULIANI. Yes.

Mr. HORN. The City College system is in the 1930's and 1940's. It was among the most distinguished in the United States. I think more people went on for the doctorate than any other university system in America. But you are talking about the community college portion of that system.

Mr. GIULIANI. There has been a similar deterioration, I say similar, there has also been deterioration, but not to the same degree as other parts of the system. And much of it has to do with the unwillingness to have standards and accountability. Precisely what we were testifying about before, the inability and the unwillingness to measure performance.

There is no requirement of grade point average, if you want benefits or additional benefits. There is a fear. There is a fear that is eroding the whole system of being held accountable.

Mr. HORN. I think that is very interesting testimony. Let me just close the hearing, since we have other hearings.

Mrs. MALONEY. Let me ask one very positive question for the city of New York.

Mr. HORN. One minute.

Mrs. MALONEY. You gave a very good idea that would address one of the problems that our city confronts. I do not know whether we could pass it in this Congress, but it is certainly something that I support.

What other ideas do you think we could do here in the Federal Government that would be helpful in helping I think, the greatest city, in solving some of the complex problems that we have?

Mr. GIULIANI. I think that we could carry through in theory and practice the notion of not imposing unfunded mandates, and really understanding what that means. I believe that city governments in America right now are among the most vital governments that are operating, not just New York City.

I know that many of my fellow mayors are doing very similar things in their cities. The Federal welfare reform bill and the immigration bill, to the extent that they are massive unfunded mandates, should be changed, and that we should deal with this as partners.

If vast cost shifts are going to take place to cities, then the Congress should be more willing to listen to I think a different type of mayor than now exists. Mayors in major American cities used to be called the Tin Cup Brigade. They would come before the State legislature with a tin cup asking give us money, give us money, and blame you for our problems, because you were not giving us enough money.

I am not coming here in that way. I am saying hold me as accountable as I would like to hold the Community College system. And also, the Federal Government cannot be establishing unrealistic mandates. Seventy percent of the people off welfare in 2 to 3 years, no help, no money, no transitional benefits to accomplish that, that is just unrealistic. There are the areas where I think that you need much more of a partnership in both levels of Government being held accountable.

Mrs. MALONEY. You have pinpointed the biggest problem in the welfare bill.

Mr. HORN. I am going to have to let the New York discussion be in the written record afterwards, because we did make a commitment to be out of here by 12:30.

I want to note, Your Honor, that your testimony is absolutely vital to what we are trying to accomplish with the Federal Government. And that is a results-oriented approach. And we intend to

make good use of your testimony. And when we distribute the report, just your testimony, I plan to send that to every Member of Congress. I think that they ought to look at what you are doing, and get that seed of creativity going in their areas.

I would like to discuss with you for 1 minute the tax situation. There has been a report from the District of Columbia that there ought to be more innovative ways to attract business, and attract people to the District of Columbia, this is the Kemp Commission, either by changing the rate at which they are paid, or giving them a special benefit in what is essentially, and you have many of those too, distressed economic areas.

And I just wondered if you have any thoughts on that aspect on how we save our cities by a decent Federal tax policy. This is not the committee that can do something about it, but if we can air it.

Mr. GIULIANI. They work. Incentive programs to businesses work, as long as you solve some of the other fundamental problems. And that is why crime reduction is so important to us. No matter what kind of incentive program you have, someone is not going to establish their business in a place where they think that they are going to be killed, or in a place where they think that they are going to be mugged and beaten.

So you have to get yourself to a reasonable degree of safety. And then tax incentive programs are enormously valuable. We use them. We use them for big businesses, keeping them in the city. We use them for a program that I call the anchor problem, to establish more business in the distressed communities of the city. And it can be enormously valuable to give businesses incentives.

Frankly, the way in which it works the best is to solve the fundamental problem. There was an article in New York magazine, a cover article, about a month ago, pointing out that in the last 2 to 3 years that more positive changes have taken place in Harlem than in all of the last 20 years combined.

I am very proud of that article. Because the reason for that is we have solved some of the fundamental problems that have alluded the city in the past. Reducing crime dramatically. Removing illegal street vendors. Now national corporations are investing in Harlem for the first time. We also give them incentives to do that. But the incentives were there before. But it was not working, because people had these other fundamental problems that were preventing them from investing.

Mr. HORN. Well, I thank you for that.

I am going to close with one little story about my previous interaction with the mayor of New York City. And that is back in the Lindsay administration. I was 1 of the 10 Kennedy fellows at the Institute of Politics at Harvard at the time, and happened to have the good mayor up to my seminar on the future of the Republican party.

And while he was there, he met with us. And he said, "Why don't you guys spend a couple of days with me in New York, and I will show you what it is really like." And we said, "Great."

So in April, we went down in 1967. And the Governor was there, and we met with him. And then he and John Lindsay together met with us. And they got us off looking at different aspects of the city.

And the comment that I want to close with is the one that Governor Rockefeller made. He said, "You know, John has got a tougher job than I do." And, of course, we believed that without him telling us. Because as we approached city hall, there were barriers. There were pickets. There were strikes. Just a typical day in the life of the mayor.

But I thought that it was good, because they were always supposed to have this feud going on, that the Governor, I think that his in-town office was on 54th Street or something, in that area. And the Governor said, "Nobody can get after me. I am either in Albany or where they cannot find me in New York. John, they can find," and they did.

And I think that is correct. Being a mayor in this day and age, the last 50 or even 100 years, is the toughest job in the United States. And I think you have showed us what a mayor with imagination and vision can do in helping to turn a city around when everyone else had given up, very frankly.

So I thank you very much for coming. And I wish you well in the years ahead.

And with that, this hearing is adjourned.

[Whereupon, at 12:40 p.m., the subcommittee was adjourned.]

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