



COMMENTARY

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Agencies Face Big Results Act Challenges

Agencies generally made progress in complying with the letter and spirit of the Government Performance and Results Act during 1999. While too many agencies still lag, others have moved several steps down the road toward eventually becoming results-oriented models of performance management.

But big challenges lie ahead for even the most GPRA-dedicated agency. Here are 10 that loom in the coming year:

- Submitting a markedly improved performance plan. Early in 2000, the third annual plan has to be submitted. In their fiscal 1999 and 2000 plans, many agencies had real difficulty in defining effective, measurable goals and in articulating meaningful, informative strategies. Also, existing budget account structures often are hurdles to clarifying the relation between funding sources and expected results.

In their third effort, agencies will be expected to show major improvements in these areas.

- Developing effective performance reporting. Also early in the year the first annual

performance report is due, covering fiscal 1999. Getting accurate and timely performance data underlying each goal will be crucial to generating a meaningful report. From what I am seeing, few organizations are yet able to obtain, verify and validate this information adequately.

An equally important, but more difficult, task is ensuring that managers can get the information throughout the year, so they can use it to manage for results.

- Involving agency subunits. Too many managers still say, "GPRA doesn't apply to us." While it is true that only one departmental plan is legally required, strategic and performance planning has to penetrate all levels to be effective. Even lower level subunits need plans documenting how their own actions link to the agency-wide plan. This is what ensures that everyone's day-to-day activities support achievement of departmental and agency goals.

- Identifying unit costs of activities and results. This was actually a key requirement in

the original draft version of GPRA, but was dropped because agency accounting systems at that time were not able to make the necessary calculations. Recently issued standards now require agencies to implement managerial cost accounting systems that can report the cost-per-unit of their activities.

- Moving toward performance-based budgeting. Pilot projects in performance budgeting are required by GPRA and were recently designated by the Office of Management and Budget at five agencies. This goes beyond linking performance plans to budgets — it is the actual integration of the two. Even nonpilot agencies should begin preparing for this enhanced, cost-and-result accountability. Reforming both the budget account structure and the cost accounting systems are useful first steps.

- Anticipating pay-for-performance. Earlier this year the administration announced its support for pay-for-performance for managers. This means pay linked to achievement of goals in the GPRA

plans. Expect Congress to be very interested in incentives that reward reductions in the cost-per-unit of activities and results.

- Strengthening linkage to acquisition of information technology. Congress expects agencies to justify acquisition of new technology on the basis of how it will help achieve strategic and performance plan goals. Ideally, each proposed acquisition would cite the measurable improvements in program performance that will result.

- Getting all the necessary players to the table. Too many agencies still treat Results Act compliance in isolation from other processes. There should be regular meetings coordinating performance planning, financial management, budgeting, information technology, personnel systems and program operations.

- Revising the strategic plan. The law requires this be done at least every three years. If an agency's five-year plan has not been updated since the first one in 1997, a new one must be prepared

this coming year and submitted by September 30. If the agencies I am working with are typical, a lot needs to be done to really improve on the low scores most plans received last time from Congress.

- Doing all of this during an intensely political year. The latest annual plans, the first performance reports and the revised strategic plans all will be produced by an administration of one party and scrutinized by a legislature controlled by the other. Both sides will be battling to prove or disprove to the public that agencies have been sufficiently accountable. Expect Congress to ask a lot of tough questions.

Agency leaders know the spotlight is coming and dread political embarrassment. Expect real pressure to get the GPRA house in order.

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