

DOCUMENT RESUME

03749 - [B2773984]

[Proposed Program Evaluation Act of 1977, S. 2]. September 28, 1977. 11 pp.

Testimony before the Senate Committee on Rules and Administration; by Harry S. Havens, Director, Program Analysis Div.

Issue Area: Program Evaluation Systems (2600).

Contact: Program Analysis Div.

Budget Function: General Government: Executive Direction and Management (802); General Government: General Property and Records Management (804).

Congressional Relevance: Senate Committee on Rules and Administration.

Authority: Program Evaluation Act of 1977; S. 2 (95th Cong.).

The proposed "Program Evaluation Act of 1977" would require that the Congress periodically reauthorize related Federal programs. The bill would establish a schedule of termination dates for nearly all programs grouped by budget subfunctions. The key ingredient necessary to achieve effective review of programs is legislative commitment to the oversight process, coupled with some form of discipline to trigger the oversight activity, and the careful study of programs, policy issues, and alternatives for improvement. Congress should consider alternative ways of articulating this legislative commitment and triggering the review process to avoid the problems associated with the threat of actual program termination. The set of programs that are reviewed together should depend on the issues involved and the objectives of the review rather than on an arbitrary determination of budget subfunction. It will be difficult, if not impossible, to conduct the kind of comprehensive evaluations anticipated within the time-frames established in the bill. Periodic review and reconsideration of tax expenditures should also be included, as should transition provisions for programs which are to be terminated. GAO should be given the responsibility for compiling and maintaining an inventory of Federal programs. (SC)

3984

ms. Irish

United States General Accounting Office
Washington, D.C. 20548

03749

FOR RELEASE ON DELIVERY
Expected at 10:00 a.m. EST
Wednesday, September 28, 1977

Statement of
Harry S. Havens
Director of the Program Analysis Division
of the U.S. General Accounting Office
Before the
Committee on Rules and Administration
United States Senate
on
the Program Evaluation Act of 1977, S.2

Mr. Chairman and Members of the Committee:

We are pleased to be here today to outline our views on S.2 "Program Evaluation Act of 1977." The bill, if enacted, would represent a major reform to the congressional authorization process, requiring that the Congress periodically reauthorize related Federal programs. The bill would establish a schedule of termination dates for nearly all programs grouped by budget subfunction.

As you know, this office has long supported efforts to strengthen and improve the effectiveness and accountability of Federal programs and we agree completely with the objectives of S. 2. We are concerned, however, with certain aspects of the bill. Although S.2 as reported by the Senate Committee on Governmental Affairs includes many improvements over earlier versions of the bill on which we have testified, we believe that the legislation can be further improved and we would like to take this opportunity to offer our suggestions for making the bill as workable and effective as possible.

Concerns with the
Sunset Mechanism

whether the threat of automatic termination or "sunset" of programs by budget subfunction is desirable, necessary and sufficient to encourage effective review and reconsideration of programs by the Congress is a matter of considerable debate which the Congress itself must determine. However, we are concerned with some of the implications of this aspect of the proposed legislation.

By establishing statutory termination dates, S.2 would force the Congress to take positive authorizing action in order to continue a program after the program's termination date. The principal argument for this requirement is that without the "action-forcing" mechanism of termination, program review requirements would be meaningless. Opponents of the automatic termination mechanism argue that sunset could not prevent the pro-forma reauthorization of programs and that forced action -- before the Congress is ready -- on a reauthorization in order to avoid termination will not necessarily be well considered action.

In our opinion, the key ingredient necessary to achieve effective review of programs is legislative commitment to the oversight process, coupled with some form of discipline to trigger the oversight activity, and the careful study of programs, policy issues, and alternatives for improvement.

we suggest that you consider alternative ways of articulating this legislative commitment and triggering the review process (perhaps using a mechanism such as the Program Evaluation Resolution) which would avoid the problems associated with the threat of actual program termination.

We make this suggestion because we are concerned with some of the implications of this concept of the sunset mechanism. For example, where termination of a program is not a realistic alternative, sunset could lead to emphasis on the wrong questions about the program and could introduce unnecessary concerns for business, consumers and others. The threat of program termination could also discourage the careful examination of programs, policy issues, and alternatives for improvement, encouraging instead "rhetorical" evaluations aimed at justifying the need for continuing a program and stressing the dire consequences of termination. Sunset could also contribute to unrealistic expectations concerning budget reductions and the number of programs to be abolished.

Scheduling Limitations

S. 2 contains a statutory schedule of termination dates for programs grouped by budget subfunction. However, any schedule for the comprehensive reconsideration of Federal programs involves a compromise between two important and conflicting objectives: 1) enabling the Congress to legislate in broad policy areas at one time by grouping programs

with similar goals for reconsideration and 2) distributing the review, reconsideration, and reauthorization workload for each committee over the review cycle as evenly as possible.

Since related programs are often under the jurisdiction of the same authorizing committee, it will be difficult to meet both objectives in a comprehensive schedule. Also, by grouping programs for reconsideration according to budget subfunctions, additional problems are likely to arise because of the inherent limitations in any program or budget classification system. Programs often have multiple objectives which are related to more than one budget subfunction.

The bill's schedule for programs in the health policy area illustrates these difficulties. Programs in the Health Planning and Construction subfunction (554) would be reconsidered in 1982, Health Care Services (551) and Health Research and Education (552) programs would be reconsidered in 1984, and programs in the Prevention and Control of Health Problems (553) subfunction would be reconsidered in 1986. While successfully distributing the workload in the health budget function (550s) over three Congresses, the schedule would make it difficult to review our overall health policy in a comprehensive fashion.

If Congress wished to comprehensively reconsider the Federal Government's efforts and role in the health policy area, programs in each of the health subfunctions, as well as the health aspects of programs in other subfunctions

(e.g., Veterans Hospital and Medical Care (703) and Pollution Control and Abatement (304)) might also need to be considered.

Let me emphasize that these (or similar) problems would be found in any fixed, comprehensive schedule. Our comments are intended to illustrate the problems, not to criticize the details of the schedule in Title I of the bill.

In our opinion, the set of programs that are reviewed together should depend on the issues involved and the objectives of the review. To assure that congressional policy objectives dominate the process (rather than the schedule) additional scheduling flexibility seems necessary. At a minimum, we believe the bill should leave room for reviewing multi-purpose programs in more than one context if necessary. This would permit each of the health subfunctions to be reconsidered as scheduled in 1982, 1984 and 1986, for example, but would also allow the Congress to reconsider the entire Federal effort in the health policy area at one time.

Program Evaluation Requirements

In response to concerns over the workload that would be required to rigorously reevaluate all Federal programs every five or six years, S.2 was amended to allow the Congress to focus review and reconsideration efforts where they will be most effective. Title III of the bill would establish a procedure allowing each House of Congress to select certain programs for comprehensive evaluation.

Section 303 of the bill lists twelve criteria to be used in conducting such "comprehensive" evaluations. Although we agree with the intent of this Title, we are concerned with the practicality of its specific provisions.

We believe that it will be difficult, if not impossible, to conduct the kind of comprehensive evaluations defined in section 303 within the timeframes established by Title III, as the President would have, at most, eight and one half months for the conduct of any comprehensive evaluation. Depending on such factors as the size and complexity of a program, the availability of data and the type of analysis required, a full-scale evaluation may properly take several years to complete. When this is the case, the imposition of short time frames runs a risk of degrading the validity of the results.

The twelve criteria for comprehensive evaluation listed in Section 303 can be sorted into two broad categories:

- (1) those that deal with measuring the actual performance, impacts, and results of continuing programs (program review or performance monitoring criteria) and
- (2) those that deal with identifying and assessing alternative ways of improving the Federal government's performance in the future (program reconsideration or policy analysis criteria).

We believe that Title III could be made more effective if a distinction is made between these two activities. The process of reviewing programs (that is, monitoring and measuring what is happening) should go on all the time. The information collected in this way, together with information from other sources, can then provide a basis for deciding which programs should be comprehensively reconsidered. In this context, the reconsideration process would focus on alternatives -- continuation, major modification in program design, or termination.

We believe this distinction should be made because the process of measuring actual program performance usually entails long term research, fact-finding and data collection efforts -- efforts which likely cannot be completed within the eight and one-half month timeframe of Title III. However, program reviews produce the feedback and knowledge of Federal program performance, results and impacts needed to support comprehensive reconsideration efforts. We strongly believe that the Congress should encourage the development of information on the actual operations and performance of programs to serve as the basis for its reconsideration efforts. Without feedback on how programs really work, effective analysis is impaired and important, potentially answerable questions will be left unanswered.

The amended version of S.2 recognizes quite appropriately that the Congress has many sources of feedback on how well programs work (e.g., constituents, interest groups, newspapers, etc). The perceived quality of these sources of feedback will, of course, affect the Congress' demand for formal program evaluation studies. However, because systematic and quality feedback is needed to effectively manage and incrementally improve programs, we recommend that the Congress, when enacting major authorizing legislation, include a requirement for agencies to review their programs. To the extent possible, authorizing legislation should also indicate the kinds of oversight questions the Congress wants answered by the responsible agency. By establishing statutory feedback requirements in the context of the authorizing decisions, reviews can be tailored to the nature of the programs and to the specific oversight interests of the Congress.

One way of encouraging this sort of oversight planning would be to revise Section 102(a) to require committees, when reporting authorizing legislation, to include an oversight or program review section in the legislation (or in committee reports) to assure that program performance information is gathered and made available for the congressional review and reconsideration process.

with program performance information developed by the agency review efforts over the entire review cycle (5 to 6 years) available for inclusion in any reconsideration reports required under Title III, the selection procedure in Section 302 could be used to select programs for comprehensive reconsideration. We would encourage the Congress to specify in the resolution (or supporting committee reports) adopted pursuant to Section 302, reconsideration issues, questions and options it wishes the President to address in each of the program areas selected for comprehensive reconsideration.

If a distinction is not made between program review and program reconsideration, then at a minimum, the bill's procedure for selecting programs for comprehensive evaluation should be modified to enable committees to specify areas of review for future Congresses, thus allowing more than eight and one-half months for the conduct and reporting of evaluations by the executive branch.

Tax Expenditures
Should Not Be Excluded

We are also concerned that S.2, as reported, does not provide for the periodic review and reconsideration of tax expenditures. We believe that if the Congress wishes to comprehensively reconsider the Federal effort and role in broad policy areas, it will be necessary for the full range of programs -- including direct loans, loan guarantees, tax expenditures and other subsidies, grants and direct operations -- to be reviewed and reconsidered.

Transition Provisions for Programs that are Terminated

S.2, as reported, contains no transition provisions for programs that are allowed to terminate because to do so, according to the sponsors of the bill, "would severely limit the options available to the Congress when it chooses not to reauthorize a program." If the Congress comes to the point of allowing a program to terminate, some sort of legislation will usually be needed to provide for the orderly transition of personnel and residual authority. For example, in the case of a loan program, the Congress would likely wish to terminate loan making but continue the loan collection activities of the program. We suggest that the bill's evaluation provisions be modified to include some consideration of what could be done in the event of program termination.

Program Inventory

In Title II of the bill, as reported, the Congressional Budget Office (CBO) is given responsibilities for compiling and maintaining an inventory of Federal programs. In fulfillment of our responsibilities under Title VIII of the Budget Act, during the past three years we have invested substantial resources in the development of a data base of Federal outlay and regulatory programs. Thus, S.2, by assigning program inventory responsibility to the CBO, will likely result in some duplication of effort with our program inventory work. Consequently, we believe that

assigning the responsibility to GAO would be a more efficient and economical approach. However, if the bill should be enacted in its present form we will, of course, provide CBO with whatever assistance we can from our continuing work under Title VIII of the Congressional Budget Act.

GAO Assistance in
Identifying Programs
for Reconsideration

We believe that our office could make a substantial contribution to the process of identifying programs in need of comprehensive evaluation. As the oversight arm of the Congress, our staff has substantial knowledge of the operations of Federal programs. A large part of our work is now classified as program evaluation and most of our work (including that which is not classified as program evaluation) is directly related to the process of reviewing and improving the operations of government programs. We believe that this knowledge would be put to good use if our office, along with the President and congressional committees, were specifically identified as a source of recommendations in the selection of programs for which comprehensive evaluation would appear to be worthwhile.

Our office, of course, will do all that it can to assist committees in carrying out their responsibilities under this legislation. Mr. Chairman, this concludes our prepared statement. We would be happy to respond to any questions.