
District of Columbia Government: Progress and Challenges in Performance Management

Mr. Chairman, Mr. Durbin, and Members of the Subcommittee:

It is a pleasure to be here today to discuss performance management in the District of Columbia. This hearing comes at a particularly opportune time. Two of our recent reviews on different aspects of the city's performance management system show that the Williams Administration, although having made important progress, is still facing many challenges in improving the management and performance of the District government.¹ We look forward to continuing to work with the Members of this Subcommittee, Mayor Williams, and other District officials to address the performance challenges facing our nation's capital.

As agreed with the Subcommittee, my testimony will cover three areas. First, I will compare the key elements of the District's performance management system with common elements we found from systems used by leading organizations around the country and the world. As part of that comparison, I will report on whether the District met the 29 performance goals that it scheduled for completion by the end of fiscal year 2000 that the Subcommittee selected from the over 400 performance measures contained in the Mayor's fiscal year 2001 budget request.² I will also report on whether the District provided evidence that the performance data are sufficiently reliable for measuring progress toward goals.

Second, I will discuss opportunities for the District to better align its various performance plans to ensure that it is sending District employees, managers, citizens, Congress, and other stakeholders consistent messages about the results the District wants to achieve, how the alignment will be done, and how progress will be measured.

Finally, I will highlight how to improve the usefulness of the annual performance plan and report that federal law requires the Mayor to send to Congress no later than March 1 of every year.³ The federal law requiring the District to prepare annual plans and reports is similar to the approach in the Government Performance and Results Act (GPRA).

Mr. Chairman, before I summarize our specific findings in each area, I would first like to make a general observation. After nearly 2 years in

¹ District of Columbia Government: Performance Report's Adherence to Statutory Requirements (GAO/GGD-00-107, April 2000); District of Columbia Government: Management Reform Projects Not Effectively Monitored (GAO/T-AIMD-00-237, June 30, 2000).

² The Mayor transmits his annual performance plan as part of his budget request to Congress.

³ Public Law No. 103-373.

office, Mayor Williams' Administration has made considerable progress in making the management of the District government more results-oriented. Given the serious performance problems facing the District when the Mayor took office in January 1999, success will continue to demand a citywide effort in several areas simultaneously and a long-term commitment by top city officials. We believe Mayor Williams has clearly demonstrated his personal commitment to transforming the culture of the District Government. The histories of high-performing organizations clearly show that cultural transformations do not come quickly or easily. Thus, as is to be expected, improvements in the management and performance of the District government are still works in progress.

In summary, in the first area examined, we found that the Mayor's performance management system contains many—but not all—of the elements used successfully by leading organizations. The city has a strategic planning effort that has generated largely results-oriented goals and measures that form a clear basis for the results that the District wants to achieve. One element that did not always appear present is processes for ensuring that performance information is sufficiently credible for decisionmaking and accountability. Without these processes, neither the Mayor nor other key decisionmakers can know for certain whether existing goals were met and, if not, what opportunities exist to improve performance. For example, the District's performance data—as of 1 month before scheduled completion—show that it met 12 of the 29 selected goals that were to be completed in fiscal year 2000. Several of the unmet goals appeared close to being met or were likely to be met by December 2000. However, for 7 of the 12 goals that were met, the District did not provide evidence that the performance data were sufficiently credible for measuring progress toward goals and making decisions.

We also found that opportunities exist for the District to more fully integrate the various planning documents it uses. As one example, the more complete integration of the goals in the Mayor's strategic plan, scorecards, and performance contracts with the annual performance plans and reports provided to Congress is important to ensuring that Congress and the District government have a common understanding of the results the District wants to achieve, how it plans to achieve those results, and the status of its efforts. In the absence of a common understanding, Congress is hard-pressed to determine how it can best help the District achieve results, and oversee the District's efforts.

As a direct result, we also found that the District could improve the usefulness of its mandated annual performance plans and reports by better

ensuring that the District Government's most significant performance goals are included in both the annual performance plan and the annual performance report that federal law requires the Mayor send to Congress every year.

Now I would like to discuss each of these findings in more detail, starting with the key elements of the District's performance management system.

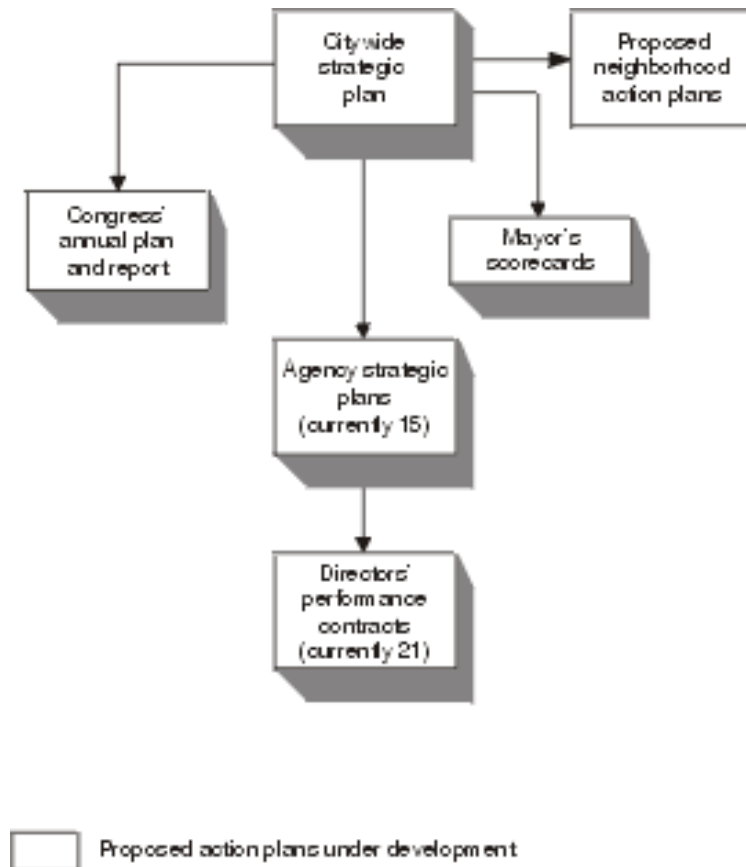
Challenges the District Faces in Becoming More Results-Oriented

At the request of Congress, we have previously studied a number of leading public sector organizations that were successful in pursuing management reform initiatives and becoming more results-oriented.⁴ These included selected state governments as well as foreign governments, such as Australia and the United Kingdom. We found that despite obvious and important differences in histories, culture, and political systems, each of the organizations commonly took three key steps as they sought to become more results-oriented and make fundamental improvements in performance. These were to (1) define clear missions and desired outcomes, (2) measure performance to gauge progress, and (3) use performance information to manage programs and support policy decisionmaking.

Figure 1 below illustrates the various planning documents that the District has for managing the city, including an annual plan and report to Congress, various scorecards on selected goals that are on the District's Internet site, and proposed neighborhood action plans.

⁴ Managing for Results: Experiences Abroad Suggest Insights for Federal Management Reforms (GAO/GGD-95-120, May 1995).

Figure .1: Type figure heading here



An official in the Mayor's office said the District's performance management system consists of three key elements:

1. The District has a citywide strategic plan that consists of a vision statement and five subordinate strategic plans that focus on a specific priority. These five priorities are (1) building and sustaining healthy neighborhoods; (2) strengthening children, youth, families, and individuals; (3) making government work; (4) promoting economic development; and (5) enhancing unity of purpose and democracy. This plan includes specific results-oriented goals and measures associated with each priority. Mayor Williams testified at the Subcommittee's hearing in May of this year that the citywide strategic plan, prepared every 2 years, is the single, unified plan for holding agency heads accountable. This citywide strategic plan was based, in part, on the input of District residents, who had the opportunity to express their

concerns and priorities for the District at a Citizen Summit held in November 1999 and a Neighborhood Action Forum in January 2000. The Mayor plans to hold additional Neighborhood Action Forums and use the results to develop Neighborhood Action Plans.

2. Agency strategic plans have been established for 15 of the 45 District agencies under the Mayor's jurisdiction. Although these agency strategic plans are presented in different formats, common elements include mission statements and key agency goals and measures.
3. The Mayor has signed performance contracts with the Directors of 21 city agencies. Under these contracts, the Directors are to be held accountable for achieving selected performance goals and are required to report their progress in meeting these goals on a monthly basis.

The District Has Made Progress in Defining Clear Missions and Desired Outcomes

The first step used by leading organizations—defining clear missions and desired outcomes—corresponds to the requirement in GPRA for federal agencies to develop strategic plans containing mission statements and outcome-related strategic goals.

The District has clearly made progress in this regard. The citywide strategic plan contains largely outcome-related goals and measures that relate to the District's five strategic priorities. For example, under the building and sustaining healthy neighborhoods priority, the strategic plan contains nine performance goals, including the goal to enhance the appearance and security of neighborhoods citywide. This goal contains 10 action items with intended results identified, including an initiative to abate 1,500 nuisance properties. In addition, responsibility for each goal is assigned to a lead agency or agencies.

Also, the District has taken some steps to align its activities, core processes, and resources. For example, the Mayor has placed a clear emphasis on performance management in his administration. As I noted, one example is the signing of performance contracts with the directors of 21 city agencies. The performance contracts are important for underscoring the personal accountability the District Government's top leadership has for sound management and contributing to results. The Mayor also created four Deputy Mayor positions to assign responsibility for managing four critical functional areas within the government: Government Operations; Public Safety and Justice; Children, Youth and Families; and Economic Development.

Opportunities to Strengthen the District's Strategic Planning

Although the Williams Administration has made considerable progress in setting a strategic direction for the city government, opportunities exist to ensure that the strategic plan is as useful and informative as it could be. In developing its citywide strategic plan, the District held two meetings with citizens, which gave District residents the opportunity to propose priorities and to articulate a vision for the city. However, it was not clear from reading the strategic plan that the District involved other key stakeholders, specifically Congress, in the development of the plan. As you know, Mr. Chairman, GPRA requires federal executive branch agencies to consult with Congress when preparing their strategic plans. Consulting with Congress on its strategic plan could also benefit the District because of the appropriations and oversight role Congress plays and would be consistent with one of the District's action items to maintain communications with Congress.

In addition, the District's strategic plan contains a vision statement and five strategic priorities. However, linking the vision statement to the strategic priorities with a comprehensive mission statement could help further clarify the direction the District wants to take. In our examination of high-performing organizations here in the United States and around the world, we have found that a clearly defined mission statement is one of the key elements of an effective performance management system. A mission statement is important because it brings an organization into focus and concisely tells why it exists, what it does, and how it does it.

Finally, as the District continues its efforts to establish a clearly defined strategic direction for the city, it can enhance the usefulness of the plan by more fully articulating the strategies the city plans to use to achieve results. In some cases, it was not clear what strategies the Mayor's office was going to use to achieve action items relating to the strategic plan's performance goals. For example, the goal to enhance the appearance and security of neighborhoods citywide contained an action item of ensuring that 75 percent of youth attend school on a regular basis. However, the strategic plan did not give any indication how this measure would be achieved. Similarly, the goal that all residents have opportunities for lifelong learning contained an action item of increasing access to the Internet, but there was no discussion of how this would be achieved.

**The District Has
Established Performance
Measures for the Majority of
Its Goals**

The second key step that we found leading organizations commonly took—measuring performance to gauge progress toward goals—corresponds to the GPRA requirement for federal agencies to develop annual performance plans and goals and performance measures to gauge progress.

The District has made substantial progress in establishing performance measures for most of its goals. As it develops measures for the remaining goals and gains experience in using the data from the measures it has established, the experiences of high-performing organizations suggests that the District will identify ample opportunities to improve and refine its goals and measures. Specifically, we found that the fiscal year 2000 performance plan contained 447 measures, of which 36 (or 8 percent) had no indicators or performance targets that could be used to determine if the goals were achieved. When the Mayor updated this original plan several months later, there were 30 (or 7 percent) out of 417 measures without indicators to measure performance.

**Early Data Suggests FY2000
Performance Will be Uneven**

You asked us to examine 31 goals drawn from the 417 in the Mayor’s updated performance plan for fiscal year 2000. These goals were not meant to be a representative sample of all the District’s goals. Of these 31, 29 were to be completed not later than September 30, 2000. As shown in the attachment to my statement, the District reported that as of August 31, 2000—1 month before scheduled completion—it had met 12 of these 29 goals, and it had not met 12 goals. An example of a goal that was met was from the Commission on the Arts and Humanities, which reported that it exceeded its goal of serving 35 percent of D.C. Public School students through the Arts in Education program, stating that 55 percent of students have been served by this program through August 2000. An example of a goal that was not met was from the Office of Banking and Financial Institutions (OBFI), which reported that it did not meet its goal of obtaining baseline data by June 2000 on capital and credit available by Ward. OBFI stated that it was not able to obtain this data from banks in the District due to proprietary issues these banks would face, and it was considering redefining the goal for future years.

The District did not provide performance information for one goal, and for four goals it was unclear from the information provided whether the goal had been met. For example, the Department of Employment Services (DOES) had a goal of contacting 600 employers and entering them into the DOES database. However, the data provided by DOES to report progress on this goal showed information on the number of job orders and job

openings in the system and the number of individuals placed. It was not clear from the information provided whether DOES accomplished its goal.

Credible Performance Information Remains a Challenge

The third key step that we found leading organizations commonly took—using performance information to manage programs—although much broader, includes the requirement in GPRA for federal agencies to prepare annual performance reports with information on the extent to which the agency has met its annual performance goals.

If policymakers in the District and in Congress are to use the information in the District's annual performance report to make decisions, then that information must be credible. Credible performance information is essential for accurately assessing agencies' progress towards the achievement of their goals and pinpointing specific solutions to performance shortfalls. Agencies also need reliable information during their planning efforts to set realistic goals.

In some cases, producing credible performance data is relatively straightforward. For example, a District goal to open three new health centers would not normally need a systematic process to gather data that shows if the goal was met. Far more common, however, are goals and performance measures that would seem to depend upon the existence of a systematic process to efficiently and routinely gather the requisite performance data.

In that regard, we found that the District has not yet implemented a system to provide assurance that the performance information it generates is sufficiently credible for decisionmaking. The District's performance report for fiscal year 1999 stated that the performance data was "unaudited." An official in the Mayor's office said that this meant the performance data had not been independently verified. He also said that the Mayor's office has asked the Inspector General to begin audits of the data.

The 31 goals selected for our detailed review underscore the challenges confronting the District.⁵ In response to our request for evidence that a system existed to ensure that the performance data were sufficiently reliable for measuring progress toward goals, the District did not provide such evidence for 7 of the 12 goals that the District reported had been met and for 11 of the 14 goals⁶ that the District reported had not been met. As a

⁵ The District did not provide us with data for 1 of the 31 performance measures.

⁶ The 14 unmet goals include 2 goals with December 2000 deadlines.

result, key decisionmakers cannot be certain that the seven goals reported to have been met were in fact met. For example, the Department of Public Works (DPW) did not provide a description of any system or procedures in place for ensuring the credibility of performance data for measuring progress on its goal of permanently repairing 90 percent of utility cuts within 45 days of utility work completion.

The District Can Better Align Its Key Planning Efforts

As part of becoming more results-oriented, leading organizations work to ensure that their annual performance goals and measures “link up” to the organization’s mission and long-term strategic goals as well as “link down” to organizational components with specific duties and responsibilities. This “up and down” linkage reinforces the connections between the long-term strategic goals and the day-to-day activities of program managers and staff. These linkages are important to ensuring that the services government provides contribute to results that citizens need and care about. The linkages also are important to underscore to front-line employees the vital role they play in meeting organizational goals.

However, we found that additional efforts are needed to ensure that the critical linkages are in place. Specifically, the citywide strategic plan may not yet fully serve as the single unified plan to guide the District that the Mayor intends it to be. The strategic plan contains literally hundreds of action items that serve in essence as detailed performance commitments, often with specified completion dates. However, we found that these detailed action items were not always reflected in the Mayor’s scorecard or performance contracts. Likewise, the commitments in the scorecard and the performance contracts were not always captured in the strategic plan. As a result, it can be unclear to city employees and managers as well as other decisionmakers what set of initiatives represents the District’s highest priorities.

In addition, at the Subcommittee’s request, we determined the extent to which the performance contracts that the Mayor signed with the directors of three agencies are aligned with both the Mayor’s performance plan and the Mayor’s scorecard. The three agencies we looked at were the Metropolitan Police Department (MPD), the Department of Parks and Recreation (DPR), and the Department of Motor Vehicles (DMV). The three directors’ contracts that we examined had a common format, which included a discussion of the Mayor’s rating system, the agency’s mission statement, and a series of performance requirements upon which the agency director was to be assessed and rated. The performance requirements included five common requirements (e.g., alignment of agency mission with the Mayor’s strategic plan) that each director is

responsible for meeting, as well as additional agency-specific requirements.

However, the three agency performance contracts were not consistently or directly aligned with the District's FY 2000 performance plan or the Mayor's scorecard. For example, 13 of the 15 FY 2000 performance goals that were attached to the DPR contract were not included in the FY 2000 performance plan. In addition, none of the four goals in the DPR scorecard were included in the DPR contract, and three of the four goals were not in the FY 2000 performance plan.

For MPD, 10 of the 23 performance goals that were attached to the contract were not included in the FY 2000 plan. Although two of the four goals in the MPD scorecard were included in the MPD contract, these two goals have different deadlines in the scorecard and contract. The scorecard has a December 2000 deadline for the two goals, but the contract has the end of fiscal year 2000 as the goals' completion date. DMV's performance contract contains nine FY2000 goals, eight of which are in the FY2000 plan. However, for seven of these contract goals, the targets have been revised and therefore differ from those in the FY2000 plan. Three of DMV's four scorecard goals are in the contract and the FY 2000 plan. According to an official in the Mayor's office, the Mayor appointed new directors to DMV and DPR in the summer of 1999 and they established new goals.

The challenge confronting the District is by no means unique. As I noted, the histories of high-performing organizations show that their transformations do not come quickly or easily. However, we found that high-performing organizations know how the services they produce contribute to achieving results. In fact, this explicit alignment of daily activities with broader results is one of the defining features of high-performing organizations. At the federal level, we have found that such alignment is very much a work in progress. Many agencies continue to struggle with clearly understanding how what they do on a day-to-day basis contributes to results outside their organizations. The District is beginning to make some progress in this regard. In a comparison of the three District agency head contracts to the FY2001 performance plan, there is a much more direct alignment, as the performance measures from each agency's section of the FY2001 plans have been attached to that agency head's contract.

Opportunities to Improve the Usefulness of the District's Performance Report

As you know, Congress passed legislation in 1994 that is similar to the performance reporting requirement in GPRA in that it requires the District to prepare an annual performance report on each goal in the City's annual performance plan. This law was intended to provide a disciplined approach to improving the District government's performance by providing for public reporting on the District's progress in meeting its goals.

On April 14 of this year, we reported to Congress that the District did not comply with this law for fiscal year 1999.⁷ Among our findings were that the District did not report actual performance for 460 of the 542 goals in the plan and did not provide the titles of the managers most responsible for achieving each goal as required by law. The fiscal year 1999 report was the first the District prepared under the legislation that was based on a performance plan, so we can expect that subsequent reports will show marked improvement. Moreover, the circumstances that led to this noncompliance were unusual and are not likely to be repeated. The Mayor's performance report was required to be based on goals that the Financial Responsibility and Management Assistance Authority—not the Mayor—had established. In November 1999, Congress returned this reporting responsibility to the Mayor.⁸

In addition, the Mayor has asked Congress for legislation that will facilitate the District's ability to comply with this law in the future. Specifically, the Mayor has requested that the date when the performance plan is due to Congress be changed to correspond more directly with the District's budget schedule and that the requirement for reporting on two levels of performance—acceptable and superior—for each goal be eliminated.

According to the District, its performance report for fiscal year 2000 will include a discussion of several of the District's management reform projects. In June of this year, we testified on these projects before the House Appropriations Subcommittee on the District.⁹ The District budgeted over \$300 million to fund these projects from fiscal year 1998 through 2000. Included in the District's budgets for this 3-year period were projected savings of about \$200 million. However, we found that after 2-1/2 years, the District had reported savings of only about \$1.5 million.

⁷ GAO/GGD-00-107.

⁸ Public Law No. 106-113.

⁹ GAO/T-AIMD-00-237.

We testified that neither the Financial Authority nor the District could provide adequate details on the goals achieved for all of the projects that had been reported as completed or in various stages of completion. Consequently, the District could not show if the initiatives had actually contributed to improved performance and better services to the District's citizens. Nevertheless, as a sign of his continuing commitment to improve the management of the District government, District documents show that the Mayor has adopted 20 of these initiatives into his new plan for fiscal year 2000 and added 7 new management reform initiatives. For example, the Department of Public Works' initiative to improve its correspondence and telephone service was integrated into the Mayor's new goal of developing a Citywide Call Center.

Under the federal law, the Mayor is required to report on only the goals that were in his original performance plan sent to Congress. However, the Mayor has updated his fiscal year 2000 plan with many new or modified goals after the plan was sent to Congress to address problems that were not found during the original planning process. As a result, the next performance report is not required to contain performance data on those new or updated goals.

As expected, during the early years of a major performance measurement initiative, some of the changes and additions the District made to its performance goals and measures have been significant. Specifically, as of September 27, 2000, the Mayor's scorecard contained a total of 119 goals assigned to agency directors and other managers, including the Mayor. Of these 119 scorecard goals, 82 of them were not included as fiscal year 2000 performance measures in those agencies' corresponding sections of the FY2000 performance plan. For example, the Department of Public Works' (DPW) scorecard goal to resurface 150 blocks of streets and alleys was not included among the DPW's performance measures in the FY2000 plan.

In addition, for the remaining 37 goals that were also present in the plan, the measures or targets for 28 of them had been revised. For the 119 goals that were in the scorecard, the District has reported, as of September 27, 2000, that 25 have been achieved thus far. Many of the remaining 94 goals have a completion date of December 2000.

Many of the goals appearing only in the scorecard arose during the Mayor's meetings with District residents, which occurred after the Mayor completed his original performance plan. As a result, the District's next performance report to Congress to be issued early next year may not contain performance data on certain scorecard goals that represent

important initiatives for the District. Although not required to do so, by reporting information on its significant goals—whenever they were established—the District could help Congress achieve a central aim of the 1994 legislation— having the District report on progress in meeting its goals for all significant activities.

The District may therefore wish to consider the approach that many federal agencies used in reporting on their performance. Like the District, federal agencies found that they needed to change their performance goals—in some cases substantially—as they learned and gained experience during the early years of their performance measurement efforts. As you know, Mr. Chairman, this last March executive agencies issued their fiscal year 1999 performance reports. However, much has been learned about goal-setting and performance measurement since agencies developed their fiscal year 1999 goals back in the fall of 1997. In reviewing those performance reports issued last March, we saw examples where agencies noted that a goal or performance measure had changed from what had been in the original plan and reported progress in meeting the new goal. The advantage of this approach is that it helped to ensure that performance reports, by reporting on the agencies' actual, as opposed to discarded, goals, provided useful and relevant information for congressional and other decisionmakers.

Summary

In summary, Mr. Chairman, the District continues to make progress in implementing a more results-oriented approach to management and accountability throughout the District government. Making the necessary changes and instilling the new culture requires sustained commitment and effort, as the Mayor and other District leaders certainly understand. Thus, despite the important progress that has been and is being made, ample opportunities exist for the District to strengthen its efforts as it moves forward. Foremost among these is (1) continuing to make progress in implementing a results-oriented approach to management and generating performance data that are sufficiently credible for decisionmaking, (2) ensuring that its strategic goal-setting and performance measurement efforts are fully aligned, and (3) using its performance plans and reports to provide Congress with the information and perspective it needs for effective oversight and decisionmaking.

We look forward to continuing to work with the District, this Subcommittee, and others in Congress as you jointly seek to ensure that the residents of the District have the world-class products and services they so richly deserve.

Statement

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This concludes my prepared statement. I would be pleased to respond to any questions that you or other Members of the Subcommittee may have.

Contacts and Acknowledgments

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