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TESTIMONY

From

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Before the

Subcommittee on Environment and Hazardous Materials

Of the

**Committee on Energy and Commerce
United States House of Representatives**

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On

**“The Environmental Protection Agency Fiscal Year 2008 Budget
Request”**

Mr. Chairman, I welcome the invitation to give testimony in front of your Committee.

Congress and the federal government of the United States embarked on an historic course in 1993 when Congress passed the Government Performance and Results Act (GPRA). This farsighted piece of legislation dramatically changed the basis of accountability for

the federal government by shifting it to a focus on results, in other words, what public benefit arose from government expenditure on each of its activities.

This legislation was the first step in an evolutionary process. As the process matures, we have seen subsequent initiatives that are enhancing the impact of GPRA's results philosophy. I like to describe this evolution as several waves of change.

The first wave was the Government Performance and Results Act itself, which required government agencies to identify results in the form of specific outcomes. Each year, agencies' abilities to identify outcomes and express them as results are improving. I here refer the committee to *Performance Report Scorecard*¹, an annual research study conducted by the Mercatus Center. Since the implementation of the Government Performance and Results Act, our study has evaluated and ranked the Annual Performance and Accountability Reports of the major federal agencies according to their disclosure against three principle criteria: (1) how transparently an agency discloses its successes and failures; (2) how well an agency documents the tangible public benefits it claims to have produced; and, (3) whether an agency demonstrates leadership that uses annual performance information to devise strategies for improvement. The purpose of this study is not to assess and compare the performance of agencies, but to determine their level of disclosure and focus on results, in compliance with the Government Performance and Results Act.

¹ <http://www.mercatus.org/programs/pageID.350,programID.4/default.asp>

The second wave of change was the Administration's creation of the President's Management Agenda (PMA) in 2001. One of the components of the President's Management Agenda is "Budget and Performance Integration," an initiative developed in order to make results a central principle in the formulation of the budget. A further step in this performance budgeting initiative was the Office of Management and Budget's introduction of the "Program Assessment Rating Tool" (PART). PART is the Administration's tool for determining whether the activities it requests Congress to fund are indeed achieving their stated objectives. The PART process attempts to quantify the effectiveness of individual programs and gathers information intended to help inform the Administration's budget allocation decisions.

I believe there will be a third wave of change sometime between now and 2010. The information being created as a result of the Government Performance and Results Act and the President's Management Agenda will cause future Congresses and Administrations to comprehensively review the current means (programs) of achieving the government's goals and choose to either improve their efficacy or replace obsolete activities with more effective ones. When budgeting, all governments face the risk that programs will assume the mantle of permanency, causing more creative or innovative solutions to be ignored. But it is important to note that every time an inferior program is funded, a public benefit that could have been achieved by using a superior activity is forgone. Over the next few years, results management practices will make this public benefit forgone much more transparent. Such transparency will produce public demand

for their governments to use better performing activities so that society is not denied benefits that could be delivered.

Mr. Chairman, this background information leads me to the comments I wish to make in my testimony to you today. When I arrived in the United States in 1997, GPRA was in the very early stages of implementation and agencies were in the process of developing the first draft of their very first strategic plans. I was invited by the then majority leader of the House of Representatives, Dick Armey, to join a group of experts who evaluated these early drafts. As I had been involved in a GPRA-like process while serving as an elected Member of the New Zealand Parliament, I found this to be a fascinating initiative by the American Congress. My research work at the Mercatus Center at George Mason University has concentrated on the implications of this statutorily mandated, results oriented accountability system for the American federal government.

Agencies' early attempts at writing strategic plans were universally bad, including the first attempt of the Environmental Protection Agency. Like many other federal agencies, EPA found that it required a number of iterations before they had truly clarified their mission and the strategic goals that would best achieve that mission.

The following is EPA's mission statement and ten original strategic goals from 1997, compared to the agency's more concise and comprehensive mission statement and five goals of 2007.

1997 Mission Statement:

“The mission of the Environmental Protection Agency is to protect human health and to safeguard the natural environment—air, water, and land – upon which life depends.”

1997 Strategic Goals:

1. Clean Air.
2. Clean and Safe Water.
3. Safe Food.
4. Preventing Pollution and Reducing Risk in Communities, Homes, Workplaces and Ecosystems.
5. Better Waste Management, Restoration of Contaminated Waste Sites and Emergency Response.
6. Reduction of Global and Cross-Border Environmental Risks.
7. Expansion of Americans’ Right to Know about Their Environment.
8. Sound Science, Improved Understanding of Environmental Risk and Greater Innovation to Address Environmental Risks.
9. A Credible Deterrent to Pollution and Greater Compliance with the Law.
10. Effective Management.

Current Mission Statement:

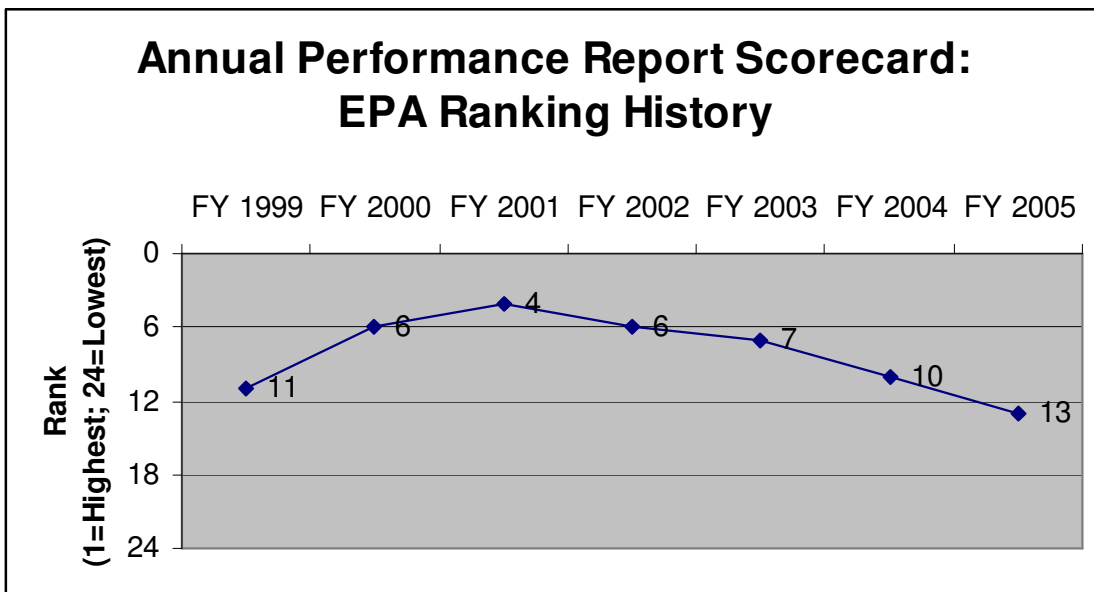
“To Protect Human Health and the Environment.”

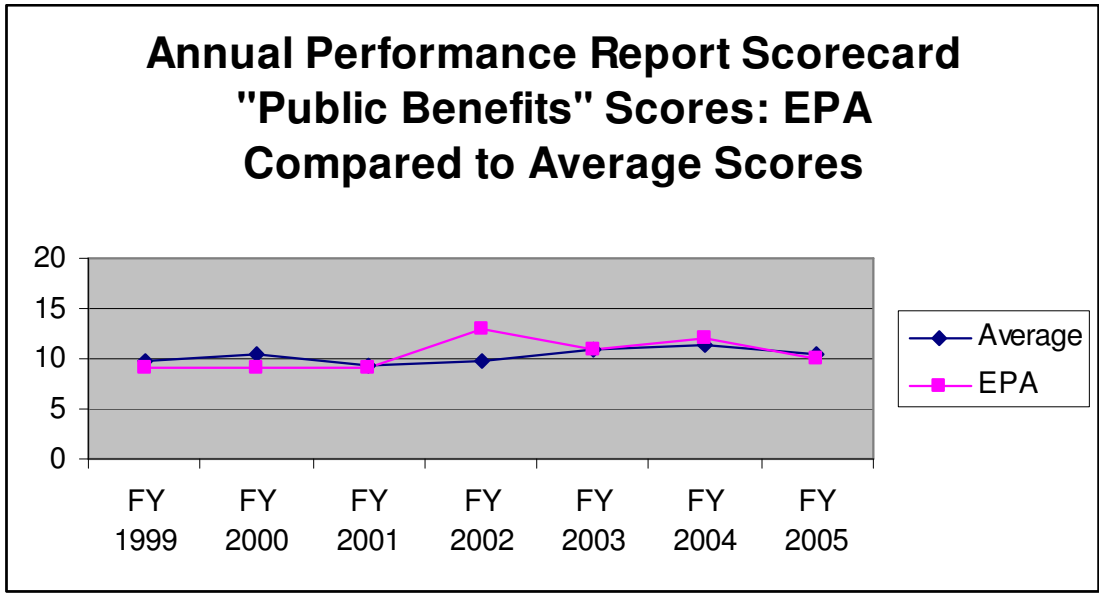
Current Strategic Goals:

1. Clean Air and Global Climate Change.

2. Clean and Safe Water.
3. Land Preservation and Restoration.
4. Healthy Communities and Ecosystems.
5. Compliance and Environmental Stewardship.

The Environmental Protection Agency now has a much more focused and concise view of its mission and its major areas of activity. From my interactions with the agency at a head office level, this new culture is well embedded at that level of the organization. I can not say to what extent this new culture has been assimilated throughout the organization. However, from our annual examination of the EPA's annual performance and accountability reports, the agency's progress in focusing on and disclosing performance, compared to other agencies, has been adequate, but not exceptional.





Our research has shown that EPA is currently weak in identifying and measuring the public benefits attributable to the actions of the agency. While the agency’s process of measurement continually improves, there are flaws that need to be addressed. Many of the outcomes EPA is addressing are areas where change is slow and cumulative over time. However, the EPA’s results disclosure would be dramatically improved if the agency were to identify specific milestones along the way to these outcomes and measure progress towards those milestones and the longer term outcomes.

Additionally, a number of EPA’s strategic goals are stated in a vacuum, which makes it difficult to determine if the nation is making satisfactory progress on the outcomes or if that progress is entirely too slow. For example, EPA should be able to determine or define clean air and clean water and then tell us what progress we have made as a nation towards those outcomes since EPA was formed 37 years ago. With this information, an intelligent assessment could be made of whether progress has been satisfactory. It is

important for decision makers and the public to know when a problem has been solved and government resources can be redeployed to more urgent goals.

Finally, EPA should improve its ability to provide good information on the consequences of any change in circumstances to their strategic areas of concern, whether the change is due to things EPA is doing or a caused by forces outside its control.

As the Committee evaluates this budget request, I would recommend that you require EPA to provide you with the measures it intends to use to demonstrate satisfactorily the public benefits that flowed from the money allocated to each program or activity. Once this standard is set, the process of budget approval will be dramatically eased, as you will only need to look at the measures information to determine if adequate progress was made.

EPA's "modus operandi" should be very much science based. Consequently, decision making should be grounded in evidence, where the search for truth and knowledge is paramount and fact always outweighs emotion. To create the right public environment for this debate to occur, EPA should place significant priority on continually educating the public about fact and truth regarding environmental matters. I make those preceding comments in the strong personal belief that the big advances of the future will come from improved stewardship based on sound science and widely dispersed knowledge. The advantage of widespread improved stewardship is that it prevents damage from occurring rather than repairing damage after an event. This improvement in stewardship is an

outcome that can only be achieved by the wider public adopting improved stewardship as a goal. The Environmental Protection Agency can be the catalyst that inspires this societal change.

Conclusion:

I do not intend through these comments to tell the Committee which funding proposals you should support or which to oppose. Rather, I have provided the Committee with my assessment of the strengths and weaknesses of EPA so that budget decisions can enhance the agency's successes and strengthen its weaknesses. However, it would be beneficial if, at the conclusion of your examination of the EPA's budget proposal, you were able to predict to the American people what environmental gains would be achieved in the coming year.