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TESTIMONY

From

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For

**Committee on Government Reform
United States House of Representatives**

**Sub-Committee on the Federal Workforce and Agency
Organization**

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On

***“It’s Time to React – Reauthorizing Executive
Authority to Consolidate Tasks: Establishing
Results and Sunset Commissions”***

Introduction

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

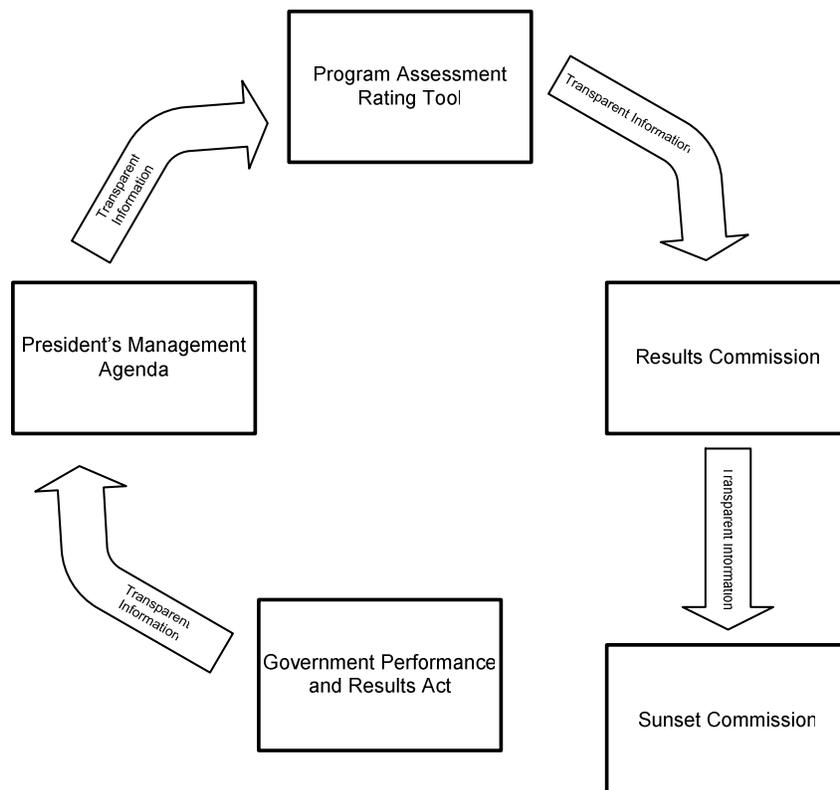
Congress and the federal government of the United States embarked on a historic course in 1993 when Congress passed the bipartisan Government Performance and Results Act (GPRA). This farsighted piece of legislation dramatically changed the basis of accountability for the federal government by shifting agencies’ accountability to a focus

on results. This legislation was the first step in an evolutionary process; further initiatives will be required as the process matures.

I like to describe this process as several waves of change.

The first wave was the Government Performance and Results Act which required government agencies to identify results in the form of specific outcomes. That process is bearing fruit as agencies' abilities to identify outcomes and express them as results improve each year. I here refer the committee to the annual research study conducted by the Mercatus Center called the Performance Report Scorecard. Each year since the implementation of the Government Performance and Results Act, our study has evaluated and ranked the Annual Performance and Accountability Reports of the agencies according to their level of disclosure and focus on results in compliance with the Government Performance and Results Act.

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 was the implementation of "Performance Budgeting," an initiative developed in order to make results or performance a central principle in the formulation of the budget. A further step was the Office of Management and Budget's introduction of the "Program Assessment Rating Tool" (PART), which examines programs in detail to determine whether or not the program is effective. The information gathered as a result of the PART process is intended to inform the budget allocation decisions.



In my view, the next stage of the process is to build on PART and start making informed comparisons between all programs designed to impact the same outcome, even though those programs may not be identical or duplicative. This analysis can only be meaningful and effective if the process makes comparisons between the results of the programs concerned while concurrently recognizing the special character of some programs that target special groups in society.

It seems to me that this is exactly the function that a “Results Commission” should undertake.

Results Commissions

When contemplating the creation of new organizations, it is logical to start by analyzing the benefits that might arise from the existence of this new organization. If, through this analysis, the expected benefits seem substantial, the next step would be to examine how the new organization would function.

What to expect from Results Commissions

I would expect that Results Commissions would be created to examine specific outcomes that the Federal Government expends monies on to enhance the public benefit and to competently provide the following advice to Congress.

First, there should be an examination of the outcome itself to determine whether this particular issue is responding beneficially to government intervention, remaining static, or deteriorating. This examination would also identify how much progress is potentially possible, given the right mix of activity and investment.

Second, there should be an analysis of all the current federal activity directed at this outcome. Those activities should be ranked according to their degree of beneficial impact on the outcome. This would be accompanied by a cost benefit analysis identifying the cost per unit of success for each activity.

Third, if research determines there are varying degrees of effectiveness among the different activities, I would expect that the Commission’s findings would include an estimate of the maximum benefit that could be provided if all the funds were concentrated on the most effective activities. I would also expect that the research would identify the public benefit forgone by the current application of funds if it is not producing the maximum possible public benefit.

How the Results Commissions should function.

As required by the bill, the results of the Commission’s work would be forwarded to Congress in the form of a report by the President that Congress has the right to accept or reject. As the work of the Commission would be an exercise in evidence gathering, those selected to be part of the Commission should be demonstrably competent to do this type of research. The real value of the Results Commissions is to place in front of Congress credible, well-researched evidence with a proper cost-benefit analysis so that Congress

can make funding decisions fully informed of the potential public benefits available and the cost for each option.

According to this scenario, the evidence is compiled factually and without bias, leaving Congress to apply the appropriate political input into the final decisions. At the same time, the public gets a very transparent view of Congressional decision-making and the political values applied in the choice of certain policy outcomes.

Without some mechanism similar to a Results Commission, potentially huge public benefits will be lost. In a research study conducted by the Mercatus Center in 2000 called “Putting a Price on Performance,” to which I refer the committee, we were able to demonstrate that up to five-fold gains in public benefit might be achieved by concentrating appropriation funds in programs that provided significantly greater results. Alternatively, the current level of public benefit could be maintained while simultaneously freeing up to two-thirds of the total funding for that particular outcome for application to higher priorities in the budget. Benefits of such a magnitude cannot be ignored at a time of fiscal stringency.

What is really happening here is directly linked to the fundamental change brought about by the enactment of the Government Performance and Results Act. The accountability base for political performance is moving from a judgment on the quantity of money allocated to an issue to a new base formed around a judgment on the quantity of public benefit produced by the application of that money.

Sunset Commissions

The concept of Sunset Commissions is quite different from that of the Results Commissions. Sunset Commissions would examine organizational performance. Organizations, by their very nature, are evolutionary – they never remain static. They respond to all sorts of incentives around them, sometimes appropriately and at other times inappropriately. A wise manager/owner will from time to time review his or her organizations to determine whether they are still serving the purpose for which they were created. In the government sector, the greatest risk with organization ownership is the phenomena of “mission creep.”

Mission creep may take many forms. It may be an expansion of the mission itself, the acquisition of activities that have no relationship to the organization’s core business, or the expansion into areas of activity where the government already owns other organizations, effectively double-funding activities, and possibly diminishing the effectiveness of both organizations. Therefore, it is very appropriate to examine on a regular basis the state of the government’s ownership interest in organizations to determine if greater efficiency could be achieved by de-commissioning activity that is either inappropriate to a particular organization’s core business or where another existing business has a clearly superior natural advantage in the delivery of these services.

What to expect from Sunset Commissions

The first thing to expect from a Sunset Commission should be a restatement of the mission of the organization or a statement of the reason for its existence. This should incorporate a review of the founding statute and its relevance to contemporary society.

Second, a Sunset Commission should conduct a review of the environment in which the organization operates today and the challenges the organization might face in the future. This should include advice on how to manage merging changes to maximize organizational performance.

Third, all the activities, laws, and rules that control the organization or that the organization administers should be reviewed to determine their current relevance. This process should identify all activities that are currently also carried out by other organizations and provide advice on where those activities should most appropriately reside.

Fourth, the Commission should assess the organization's effectiveness in materially improving the outcomes assigned to it through its mission. It should also examine, where appropriate, whether this organization and its mission are now redundant and should be terminated.

How Sunset Commissions should function.

The bill requires that the results of the Commission's work forms a report forwarded by the President to Congress for action. Congress has the absolute right to accept or reject the work of the Sunset Commission. As with the Results Commissions, because the activity of the commission is an evidence gathering exercise, the people selected to be part of the commission ought to be demonstrably competent to do this type of research. The real value of Sunset Commissions is to place in front of Congress credible, well-researched evidence with cost-benefit analysis so that Congress can make informed decisions based on knowledge of potential public benefits available and the cost for each option.

As with the Results Commissions, the evidence should be compiled in a factual, non-biased way, leaving Congress to apply the appropriate political input into the final decisions. At the same time the public gets a very transparent view of Congressional decision-making and the political values applied by choosing certain policy outcomes.

Conclusion

In my view, the creation of Results Commissions and Sunset Commissions is the next logical step in the evolutionary process that is leading the Federal Government of the United States towards a much more appropriate form of accountability that is more relevant to the society of the 21st Century. The critique and evaluation of the activities and assets owned by the Government of the United States is a very fitting and responsible thing for Congress to do.