

UNITED STATES GOVERNMENT ACCOUNTABILITY OFFICE

# Improving

Performance, Transparency, and Accountability  
THROUGH USE OF KEY NATIONAL INDICATORS

The Honorable David M. Walker  
Comptroller General of the United  
States

OECD Workshop on Indicators for  
Developing, Monitoring, and Analyzing  
Agri-Environmental Policies

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# The Case for Change

**The U.S. federal government is on a “burning platform,” and the status quo way of doing business is unacceptable for a variety of reasons, including:**

- Past fiscal trends and significant long-range challenges
- Rising public expectations for demonstrable results and enhanced responsiveness
- Selected trends and challenges having no boundaries
- Additional resource demands due to Iraq, Afghanistan, incremental homeland security needs, and recent natural disasters in the United States
- Numerous government performance/accountability and high risk challenges
- Outdated federal organizational structures, policies, and practices

# Current U.S. Fiscal Policy Is Unsustainable

- **The “Status Quo” is Not an Option**

- We face large and growing structural deficits largely due to known demographic trends and rising health care costs.
- GAO’s simulations show that balancing the budget in 2040 could require actions as large as
  - Cutting total federal spending by 60 percent or
  - Raising federal taxes to 2 times today's level

- **Faster Economic Growth Can Help, but It Cannot Solve the Problem**

- Closing the current long-term fiscal gap based on reasonable assumptions would require real average annual economic growth in the double digit range every year for the next 75 years.
- During the 1990s, the economy grew at an average 3.2 percent per year.
- As a result, we cannot simply grow our way out of this problem. Tough choices will be required.

# The Way Forward: A Three-Pronged Approach

1. Improve Financial Reporting, Public Education, and **Performance Metrics**
2. Strengthen Budget and Legislative Processes and Controls
3. Engage in Fundamental Reexamination & Transformation for the 21<sup>st</sup> Century (i.e., entitlement programs, other spending, and tax policy)

*Solutions Require Active Involvement from both the Executive and Legislative Branches*

# Improving Performance Metrics & Reexamining Existing Programs

- **Develop key national indicators** to measure progress toward national outcomes, assess conditions and trends, and help communicate complex issues. Some other countries have key national indicator systems, but not the United States
- Expand scrutiny of all proposed new programs, policies, or activities
- Reengineer internal agency structures and processes, including more emphasis on long-term planning, integrating federal activities, and partnering with others both domestically and internationally

# The Need For Key National Indicators in the U.S.

- Federal spending exceeds \$2.7 trillion annually
- Federal revenues reduced by more than \$800 billion in tax preferences
- Agencies produce reams of regulations
- Most federal government policies and programs were created years ago

# The Need For Key National Indicators in the U.S. (cont'd)

- **WHAT:** A portfolio of economic, social, and environmental outcome-based measures that could be used to help assess the nation's and other governmental jurisdictions' position and progress
- **WHO:** Many countries and several states, regions, and localities have already undertaken related initiatives (e.g., Australia; New Zealand; Canada; United Kingdom; Oregon; Silicon Valley (California); Jacksonville (Florida); Boston (Massachusetts))
- **WHY:** Development of such a portfolio of indicators could have a number of possible benefits, including
  - Serving as a framework for related strategic planning efforts
  - Enhancing performance and accountability reporting
  - Informing public policy decisions, including much needed baseline reviews of existing government policies, programs, functions, and activities
  - Facilitating public education and debate as well as an informed electorate
- **WAY FORWARD:** Key players working through a consortium within a nonprofit organization receiving technical assistance from the National Academies domestically and OECD and others providing assistance internationally on related efforts

# Key National Indicators: Where the United States Ranks

The United States may be the only superpower, but compared to most other OECD countries on selected key economic, social, and environmental indicators, on average, the U.S. ranks

# 16 OUT OF 28

**OECD Categories for Key Indicators  
(2006 OECD Factbook)**

• Population/Migration	• Energy	• <b>Environment</b>	• Quality of Life
• Macroeconomic Trends	• Labor Market	• Education	• Economic Globalization
• Prices	• Science & Tech.	• Public Finance	

Source: 2006 OECD Factbook.



# The Key National Indicators Initiative

GAO's work has pointed to the need for a governmentwide strategic plan, supported by key national indicators to assess performance, position, and progress

GAO has also called for a governmentwide performance report linked to key indicators to articulate the government's accomplishments

The Key National Indicators Initiative has begun efforts to develop a national indicator system that could:

- Inform strategic planning
- Enhance performance and accountability reporting
- Inform congressional oversight and decision making
- Facilitate oversight, and stimulate greater citizen engagement

# The Benefits of Key National Indicators

With access to solid facts and results-based information, we increase our chances of:

- Developing well-framed questions
- Conducting appropriate analyses
- Making good decisions
- Arriving at effective solutions
- Creating transparency and accountability for results

**Bottom line:** By adopting key national indicators, we'll be able to generate quality information that can help individuals, institutions, and nations accelerate progress and make better choices when it comes to their futures

# Criteria for Key National Indicators

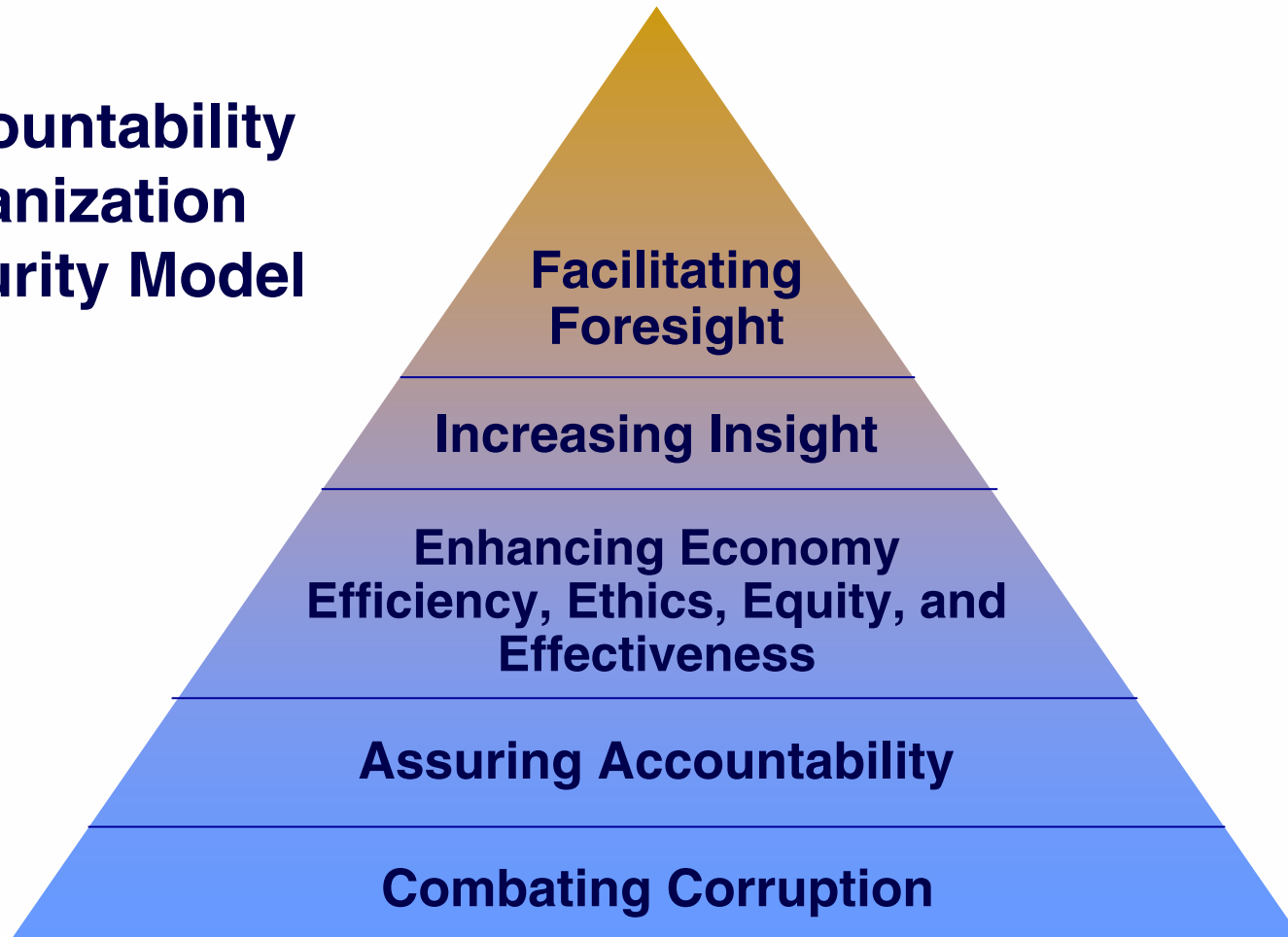
Achieving success in developing key national indicator systems will require the combined efforts of many parties over time

Any key national system's design should incorporate indicators that are:

<b>Reasonably comprehensive</b>	<b>Relevant</b>	<b>Reliable</b>	<b>Recognized</b>	<b>Credible</b>
<b>Comparable</b>	<b>Transparent</b>	<b>Accessible</b>	<b>Useful</b>	<b>Used</b>

# Key National Indicators: Supreme Audit Institutions Are Well Positioned to Help

**Accountability  
Organization  
Maturity Model**



# The Role of SAIs & International Organizations in Developing Indicator Initiatives

International organizations, such as OECD and INTOSAI have begun actively promoting the development and application of key indicators:

- The U.N., World Bank, INTOSAI, INCOSAI, and OECD have held or are planning forums on indicator systems (e.g., Palermo, Italy in November 2004 and Istanbul, Turkey in June 2007)

GAO has played a significant role in fostering the development of indicators domestically

# GAO Reports Related to Key National Indicators

- On February 27, 2003, GAO, in cooperation with the National Academies, hosted a forum and published: *Forum on Key National Indicators: Assessing the Nation's Position and Progress (GAO-03-672SP)*
- On November 10, 2004, GAO published: *Informing Our Nation: Improving How to Understand and Assess the USA's Position and Progress (GAO-05-1)*
- On November 17, 2004, GAO published: *Environmental Indicators: Better Coordination Is Needed to Develop Environmental Indicator Sets That Inform Decisions (GAO-05-52)*

# GAO Findings Related to Key Environmental Indicators (cont'd)

GAO has consistently reported on the:

- Lack of quality information needed to understand the state of the nation's environment
- Extent of compliance by the regulated community, and the need to consider the full costs and benefits associated with alternative regulatory and management strategies in policymaking

Outcome-based information is needed to help inform environmental cost/benefit analysis. Without this kind of information, the nation's environmental policy and priorities will continue to be driven by anecdote and perception, rather than fact

# GAO Findings Related to Key Environmental Indicators (cont'd)

- **GAO found that federal and nonfederal organizations develop environmental indicator sets for several purposes:**
  - Assessing conditions and trends
  - Communicating complex issues
  - Supporting performance management activities
- **Environmental indicator set developers commonly face several major challenges:**
  - Employing a **sound, balanced process** to develop indicators, which can require a resource-intensive effort to address the needs of potential users
  - Obtaining **sufficient data** on environmental conditions and their causes
  - **Coordinating and integrating** the various related federal and non-federal indicator sets to advance knowledge about the nation's environment
  - **Linking** management actions and program activities to changes in environmental conditions and trends

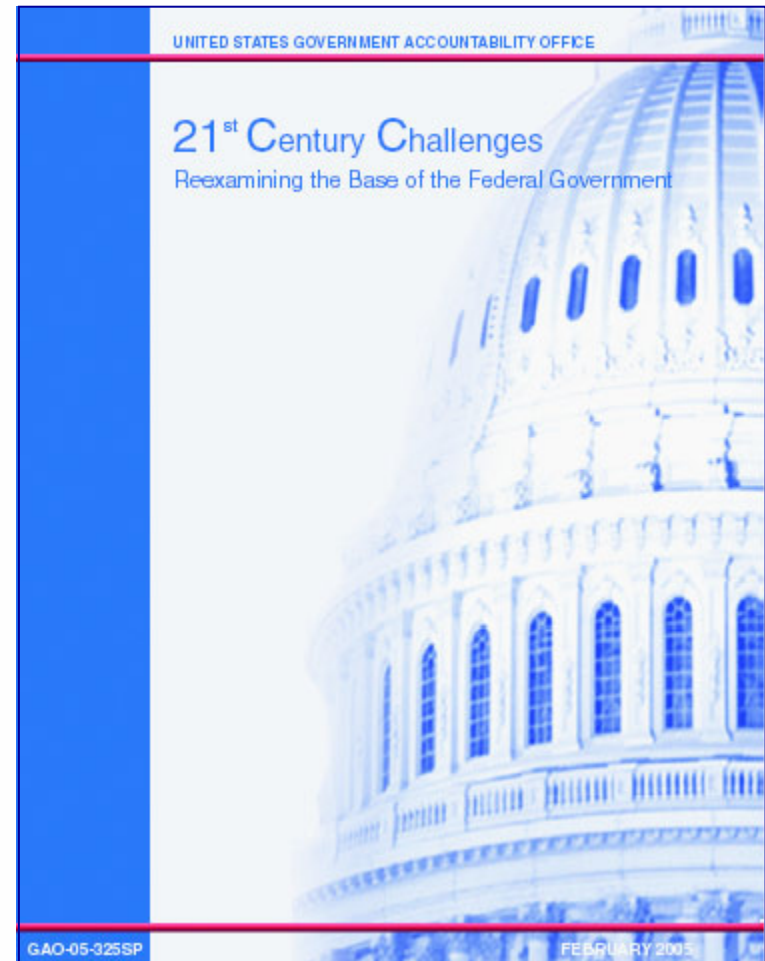


# GAO Findings Related to Key Environmental Indicators (cont'd)

- GAO has recommended that USDA use information from indicators to better manage its agricultural conservation programs
- Recently, GAO evaluated the Environmental Quality Incentives Program (EQIP) which provides assistance to farmers to take new actions aimed at addressing identified conservation problems
- GAO reported that USDA should
  - Use outcome-based environmental indicators to drive decision making to target funds to the most pressing environmental problems related to agriculture
  - Tie programs' long-term outcomes to environmental indicators so that USDA can communicate program results

# 21<sup>st</sup> Century Challenges Report

- Provides background, framework, and questions to assist in reexamining the base
- Covers entitlements & other mandatory spending, discretionary spending, and tax policies and programs
- Based on GAO's work for the Congress



Source: GAO.

# Twelve Reexamination Areas

## MISSION AREAS

- Defense
- Education & Employment
- Financial Regulation & Housing
- Health Care
- Homeland Security
- International Affairs
- **Natural Resources, Energy & Environment**
- Retirement & Disability
- Science & Technology
- Transportation

## CROSSCUTTING AREAS

- **Improving Governance**
- Reexamining the Tax System

# Illustrative 21<sup>st</sup> Century Questions: *Natural Resources, Energy, and the Environment*

- Can alternative federal approaches to transportation, land management, and water policies be adjusted to better promote sustainable management of our nation's land and water resources?
- To what extent are federal energy policies and incentive structures adequately preparing the nation to satisfy its energy needs over the long term?
- Does the existing federal regulatory approach for controlling air and water pollution need to be modernized to generate improved results?
- Is there a way for the federal government to implement environmental regulations more efficiently and effectively?

# Next Steps in the U.S.: Suggested Areas for Congressional Oversight

- Targets for near-term oversight (e.g., ensuring the fair value collection of oil royalties produced from federal lands)
- Policies and programs that are in need of fundamental reform and re-engineering (e.g., examining the costs, benefits, and risks of key environmental issues)
- Governance issues that should be addressed to help ensure an economical, efficient, effective, ethical, and equitable federal government capable of responding to the various challenges and capitalizing on related opportunities in the 21st century (e.g., pursuing the development of key national indicators)

# Suggested Congressional Oversight Related to Environment Indicators

- Assessing implementation of laws and compliance, as well as opportunities for enhancing the cost-effectiveness and efficiency of environmental programs
- Identifying information needed to better assess the state of the environment, emerging problems, and social and economic impacts of environmental programs
- Prioritizing activities to fill knowledge gaps and strengthen the information needed for assessing existing and emerging environmental risks, as well as evaluating the costs and benefits of alternative approaches to achieving environmental outcomes
- Determining whether changes to statutes and regulations could help ensure that the nation's environmental, social, and economic goals are being achieved in a balanced and sustainable manner

# Suggested Congressional Oversight Related to Key National Indicators

- Encouraging awareness and education through public hearings
- Strengthening partnerships to enhance the dissemination of quality information
- Focusing attention on the role and contributions of the federal statistical system in providing key data and assessing areas where improvements are needed
- Examining the possible role of a public-private partnership to further develop and operate a system of key national indicators

# Key Leadership Attributes Needed for These Challenging and Changing Times

- ***Courage***
- ***Integrity***
- ***Creativity***
- ***Stewardship***
- ***Partnership***



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## On the Web

Web site: [www.gao.gov/cghome.htm](http://www.gao.gov/cghome.htm)

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