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**Testimony of Marcus Peacock
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before the Senate Committee on Homeland Security and Governmental Affairs,
Subcommittee on Federal Financial Management, Government Information,
Federal Services, and International Security**

July 24, 2008

Good afternoon Mr. Chairman and members of the Subcommittee. My name is Marcus Peacock and I serve as the Deputy Administrator at the U.S. Environmental Protection Agency (EPA).

I want to thank the Subcommittee for having this hearing. Congress often conducts hearings regarding how the government can improve how it does a particular job, like providing housing or protecting our borders or cleaning up the environment. But this Subcommittee understands that there are similar methods for improving not just one or two Federal programs, but for improving all Federal programs.

The President certainly gets this idea. That's why in 2001 he directed that agencies integrate performance information into their budgeting decisions. This meant agencies had to identify acceptable performance measures for each program and use those measures when budgeting. The ultimate goal was to improve results across the government. The President directed me to lead this cross-agency effort.

The result of the initial work on this initiative was the Program Assessment Rating Tool or PART. The PART is essentially a method for assessing the effectiveness of Federal programs and, more importantly, recommending improvements in those programs. Since its inception, the PART has won a number of awards and has been copied by other governments.

I am often given credit for creation of the PART but I was very fortunate to have three things going in my favor. First, I had support from the top -- from the President. Second, I had a very talented team of staff at the Office of Management and Budget (OMB) who did the hard work of creating and fleshing out the PART. Finally, I had a really smart advisory committee, including Don Kettl, which helped review our work.

In 2005, I moved from OMB to run the day-to-day operations of EPA. In the last three years I have spent a large part of my time improving EPA's performance management systems. A number of my predecessors including Al Alm and Hank Habicht also placed emphasis on improving management systems and hundreds of EPA staff over the last 20 years have worked on this effort. I stand on their shoulders.

We've come a long way, but I would say the biggest problem EPA currently faces is to make sure our performance measures are actually used. You can treat a measurement system like a thermometer or a thermostat. A thermometer just tells you the temperature. A thermostat not only tells you the temperature but gives you a way to change it.

Performance management systems should be thermostats not just thermometers. They should be used to produce change so that we become more effective at serving the public. Metrics for reporting don't mean much. Metrics for managing are vital.

I've found at least five barriers to using performance information:

1. **Lack of fresh and frequent data.** The Federal government has lots of annual measures but annual measures don't work to run the day-to-day operations of a program. Enterprise Rent-A-Car used to have a commercial showing a car driving around wrapped up in brown paper. I always wondered how that car stayed on the road given the windshield was completely covered. I think trying to use annual performance measures to manage day-to-day operations is like trying to drive that car around. With annual measures, you can't really see where you're going.
2. **A focus on money not results.** Washington DC still operates in a culture that asks, "How much did a program get?" rather than "What did the program produce?" That's not a healthy way of looking at things. Think about the incentives inherent in declaring an organization more successful if it spends more money, regardless of the results it achieves.
3. **Too many meaningless measures.** What matters gets measured, but if everything gets measured then it's hard to tell what matters and the measures simply won't get used. Measures need to be meaningful, and able to be objectively evaluated.
4. **Too little access.** The fewer people that have access to performance information the fewer people are able to use it. That's why I believe performance information should be available to the widest possible audience.
5. **Resistance.** People naturally worry about the consequences of not meeting performance targets. They think performance data may be used as a cover to cut funding or punish people. The fact is these systems can be abused, but that is a poor reason to avoid them. An organization cannot become excellent without having a process for measuring its performance. If you can't see what you're doing right, you'll never learn from it.

In conclusion, I'm fortunate that I work at EPA. The employees love the mission of the agency. Most people are interested in improving our results even if that means change. They understand that when EPA works better, public health and the environment improve faster. EPA management initiatives are gobbledygook unless they lead to cleaner air, water, or land.

We need to get to a point where all Federal agencies practice good performance management. Whether the latest and hottest issue is homeland security, or securities regulation, or climate change, a functioning performance management system is invaluable to helping any Federal agency do its job better. We need to get to the point

where there is an answer to any Federal employee who asks the question, "How can I do my job better?"