Improving the Accountability of Federal Regulatory Agencies

Part II: Assessing Eight Government-wide Accountability Reforms

Abstract

Greater accountability at regulatory agencies is desirable because (1) the public has a right to know how government affects society and (2) greater accountability improves agency performance. As described in the previous Insight in this series, the United States attempted eight major government-wide initiatives to increase accountability at federal agencies, including regulatory agencies. This Insight reviews public and expert opinion, which indicate these initiatives failed to improve accountability. New proposals to improve accountability at regulatory agencies could benefit from understanding why previous efforts fell short. The next Insight in this series will examine what lessons we can learn from the failure of these eight initiatives.

Washington Wants to Improve Regulatory Accountability

The U.S. President and Congress show significant interest in improving the accountability of federal regulatory agencies in the United States. For instance, in 2011 and 2012 President Barack Obama issued three Executive Orders expanding requirements for regulatory agencies to assess the performance of existing regulations and creating a process for assessing the performance of new regulations after they are implemented.¹ Likewise, Congress has considered a number of bills that would strengthen regulatory accountability by, for instance, increasing requirements for regulatory analyses, tightening legal standards, creating a regulatory budget, and mandating the retrospective review of regulatory results.²


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These reforms are intended to make federal regulators more accountable for their actions. Accountable regulators assess and take responsibility for the results of regulations they issue. Greater accountability in government is desirable for at least two reasons. First, many believe the public has a right to know what results their government is achieving. Second, accountability leads to better performance. When an organization takes responsibility for the outcomes of its actions it is making a commitment to make the necessary changes to improve those outcomes, especially if they are found to be lacking. For at least these two reasons, efforts to increase accountability for results in government have received bipartisan support.

Eight Previous Accountability Reforms

In the last sixty years, the federal government implemented eight major reforms across most of its departments, including at most regulatory agencies, with the purpose of improving government accountability:

- Planning-Programming-Budgeting System (implemented in 1965)
- Management By Objectives (1973)
- Zero-Base Budgeting (1977)
- Government Performance and Results Act (GPRA) (1993)
- The Program Assessment Rating Tool (PART) (2002)
- Government Performance and Results Modernization Act (GPRAMA) (2010)

The eight reform initiatives presented above are by no means exhaustive of the changes that took place at Federal departments and agencies over the last sixty years. During this stretch of time, for instance, new officers were established in most agencies to improve accountability including the Inspectors General (in 1978), Chief Financial Officers (1990), and Performance Improvement Officers (2007). In addition, presidents launched other initiatives including

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3 For a discussion regarding accountability and the obligation of government to inform the public on the results of its actions see David Walker, “GAO Answers: What’s in a Name?”, Roll Call, 19 June 2004. (Accessed 4 June 2016.)


President H.W. Bush’s Total Quality Management effort and President John Kennedy’s Manpower Control and Utilization directive. Yet the eight modern initiatives listed above represent the most complete and concerted attempts to implement one or more key elements of a sustainable accountability system: a system that regularly collects and uses information on estimated or actual outcomes in order to improve public awareness and/or agency performance.

Some of these eight initiatives attempted to improve accountability by requiring managers to justify continued funding for their programs based on expected results (such as Zero-Base Budgeting). Others compared or rated programs to a set of standards (such as the Program Assessment Rating Tool). Finally, others simply compelled the identification, collection and public release of outcome data (such as the Government Performance and Results Act). Current reformers are considering similar ideas and methods for further strengthening accountability at regulatory agencies.

Efforts to further improve regulatory accountability could benefit from understanding the extent to which these previous government-wide efforts fared by exploiting their successes and/or avoiding their failures. This Regulatory Insight assesses the extent to which the eight initiatives succeeded in improving government accountability and performance. A future Insight will examine what lessons may be learned from these experiences.

Did These Reforms Work?

Ironically, none of these eight accountability initiatives included a method for assessing their own success. They contained no plan for collecting objective measures of changes in the quality, productivity, or other characteristics of agency outcomes resulting from these initiatives. This makes it extremely difficult to independently evaluate the effect on agencies, much less try to analyze, for instance, the results at regulatory agencies vs. other types of agencies.

Further, it is difficult to tease out the effect of each initiative over time. While they are spread over a sixty year time period, some efforts came on the heels of others (such as the Grace Commission following Zero-Base budgeting). Some, notably the GPRA, continued throughout the implementation, and demise, of other reforms.

In lieu of independent evidence of success or failure, this paper evaluates the success of these accountability measures using public and expert opinion.

Public Opinion: No Improvement in Government Performance

Everyone in the United States is touched by the federal government every day. Of course many people interact with government service providers, such as the Social Security Administration, the Internal Revenue Service or the Post Office, but our interaction with federal regulations is
ubiquitous. Regulations affect everyone on a daily basis including influencing the water we drink, the food we eat and the air we breathe.\textsuperscript{7}

One way of determining if past reforms worked would be to look at changes in the public’s opinion of the federal government. Greater government accountability, especially accountability to the public, should lead agencies to improve their operations and results. This, in turn, should lead to better public opinion of government performance. Thus, if one or more of these accountability reforms worked we would expect to see a perceptible improvement in the public’s perception of government over time.

Unfortunately, public opinion data do not show any improvement in the public’s view of how the government performs. Indeed, there is an enduring belief that federal workers are not held accountable for their work. In 1986 (\textit{after} implementation of the first four of the eight reforms examined) two experts pointed out, “Few beliefs are more widely and persistently held in the United States than the belief that government employees are overpaid and underworked.”\textsuperscript{8}

And this opinion has not changed since the mid-1980s. Consider, for instance, that in 1987 a Pew Research Center survey showed that 63 percent of the public agreed with the statement that “when something is run by the government it is usually inefficient and wasteful.” 30 years later, in 2007 (\textit{after} implementation of GPRA, the NPR and PART), Pew asked the question again and the result was virtually identical, 62 percent of respondents agreed.\textsuperscript{9}

In 1997 (a few years into the implementation of GPRA and after the first phase of the NPR had been completed), a Princeton Survey Research Associates/Pew survey found only 2 percent of respondents believed that the federal government did an “excellent job” in running its programs while 74 percent said that it did a “fair” or “poor job.” Thirteen years later, in 2010 (\textit{after} completion of all phases of the NPR and seven years of implementing PART), the survey was reproduced and obtained almost identical results.\textsuperscript{10}

Other polls seem to confirm that the public’s perception of government accountability and performance has not changed over the last few decades. In 2014, a Gallup poll asked respondents to estimate how much of each tax dollar sent to Washington was wasted. The average of the answers was 51 cents – tied for the highest level since the question started being posed in 1979.\textsuperscript{11} If the Grace Commission, GPRA, the NPR, PART, and the GPRA Modernization Act had any demonstrable effect on government accountability and performance, the public hasn’t seen it.

\textsuperscript{7} For examples of how federal regulatory agencies affect us on a daily basis, see Susan E. Dudley and Jerry Brito, \textit{Regulation: A Primer,} 2\textsuperscript{nd} Ed., (Mercatus Center and Regulatory Study Center: Washington DC) 2012, pp. 2-5.


Public Opinion May be Flawed

Of course, using public opinion to assess the success of government reforms could be deeply flawed. First, public perception may just be wrong. For instance, most people believe that at least 10 percent of the federal budget, one out of every ten dollars, goes to foreign aid.\textsuperscript{12} It’s actually less than 1 percent of total spending.

Citizens’ opinions of government performance may simply be a mistaken impression created by a biased press. For instance, some polling data show that at the same time the majority of the public thinks the federal government is inefficient, when polled about specific agencies, they think they perform much better\textsuperscript{13} (although there are examples to the contrary\textsuperscript{14}).

It is possible citizens are experiencing better performance but continue to get a generally bad impression from the media. People love to read about conflict and failure and reporters are very good at feeding that demand, even if it means having to exaggerate or perpetuate a myth. On office and basement walls in the Washington DC area one can still occasionally find a gold-painted hammer hanging in an aluminum frame. Over 1200 of them were awarded by the White House to federal workers during the 1990s for helping the government become more productive. Why a gold hammer? Because in 1981 it was suggested that the U.S. Navy had paid $435 for a single claw hammer. Without much checking, the press quickly picked up the story and it even more quickly became an icon of government waste, one that is still referred to today.\textsuperscript{15} However, it turns out the hammer did not actually cost $435. A disproportionate allocation of overhead among line items in an invoice simply made it look that way. But the media, always ready for the next horror story, were more than happy to keep the story going to the point where the myth of the $435 hammer was eventually, and ironically, embraced by the government itself.

Don Kettl, who helped advise Democratic and Republican administrations on performance reforms, explains, “Newspapers never headline ‘Mail Delivered Yet Again Today’ or ‘Social Security Checks Arrive by the Millions.’ But that, in fact, is the core story of most of government’s work: what government does regularly, it tends to do well.”\textsuperscript{16} Kettl and others argue that a few unusually large blunders, such as contamination of drinking water in Flint, Michigan, the stumbled rollout of the federal health care exchange, or erroneous intelligence

\textsuperscript{14} For instance, from 2003 to 2014 the percentage of customers who interacted with the Internal Revenue Service that were “very or somewhat satisfied” with the service they received dropped from 82 to 74 percent. See IRS Oversight Board, 2014 Taxpayer Attitude Survey, December 2014, p. 8. (Accessed 4 June 2016.)
\textsuperscript{15} See, for instance, a regular column called “The Golden Hammer” in the Washington Times (accessed 4 June 2016).
regarding weapons of mass destruction in Iraq, can disproportionately dominate the news for weeks, if not months, or years.

In addition to misperception, public opinion may reflect a darkly skewed view of government work because people hold government to a higher standard. Businesses and non-governmental nonprofit organizations may be no better, or even worse, than government when it comes to accountability and performance. Unfortunately, the evidence does not support this hypothesis.

First, government employees, who should know better than anyone, seem to share the public’s opinion of government performance. In 2001 Paul Light interviewed hundreds of workers in the federal government, the private sector, and at nonprofit organizations. As Light reports, “Just 22 percent of federal employees rated their organization as very good in spending money wisely, compared to 36 percent of business employees and 44 percent of nonprofit employees.”

Supporting this evidence, as Yale Law Professor Peter Schuck points out, “When one compares government and market provision of essentially the same service, the inescapable conclusion is that the market almost always performs more cost-effectively.” For instance, comparisons of the U.S. Postal Service to FedEx, Medicare to private health insurance, and public to private prisons all show private alternatives are generally more efficient and/or offer higher quality results. This indicates the public’s perception is right after all and the eight accountability reforms simply failed to move the needle.

**Expert Opinion: Reforms Something of a Bust**

Public polling indicates that at no time over the last few decades has overall government performance perceptibly improved. In other words, none of these eight government-wide accountability reforms succeeded. But there is reason to believe public opinion may be a flawed measure of success. The public may have a misperception of actual government performance because of the media’s fascination with negative stories.

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A potentially better indicator of success is expert opinion. Each of these eight major reforms\(^\text{21}\) has been evaluated by at least one expert who had no personal stake in the outcome of the reform and, therefore, can be expected to provide an unbiased assessment of each reform’s success. Examining the initiatives in chronological order, but leaving GPRA and GPRAMA, the two legislative reforms that are still in effect, for last, here is a sample of what objective experts had to say:

- President Lyndon Johnson’s Planning-Programming-Budgeting System “was something of a bust.”\(^\text{22}\)
- President Richard Nixon’s Management by Objectives’ “chief effects are an increase in paperwork and in discussion of objectives and a decrease in time spent on programmatic activity.”\(^\text{23}\)
- Regarding President Jimmy Carter’s Zero-Base Budgeting (ZBB), no one has “produced data attesting to any visible increase in program effectiveness or the more efficient utilization of existing resources”\(^\text{24}\) and “[f]ew significant budgetary actions were identified as resulting from ZBB . . . .”\(^\text{25}\)

A joint Congressional Budget Office and General Accounting Office review of President Ronald Reagan’s Grace Commission found that “the potential deficit reductions that might result in 1985-1987 from implementing most of these recommendations would be much smaller than the three-year savings projected by the Grace Commission.”\(^\text{26}\) Further, the majority of even the smaller savings would require changes to law. Yet the Democratically-controlled Congress largely ignored the Commission’s recommendations.

President Bill Clinton’s NPR was probably the largest and most organized reform movement to date. It is also one of the most studied. In the end, many saw it as too much a public relations ploy and too little a real change in operations. In a scathing review, management expert Peter Drucker concluded, “In any institution other than the federal government, the changes being

\(^{21}\) A description of what each of these reforms tried to do to increase accountability can be found at Marcus Peacock, “A List of Previous Efforts to Improve the Performance of Federal Regulatory Agencies,” Working Paper, The George Washington Regulatory Studies Center, June 2016.


trumpeted as reinventions would not even be announced, except perhaps on the bulletin board in the hallway.”27

Like the Grace Commission, the NPR also faced a skeptical Congress and blowback from what looked like puffed up savings estimates. For instance, administration officials estimated that the Government Reform and Savings Act of 1993, a pillar of the NPR, would save $6 billion. The Congressional Budget Office said it would save less than half of that.28 Even some deeply involved in the NPR admit it did not have a lasting effect. “The problem with the NPR wasn’t that it didn’t do a great thing, it did wonderful stuff, but it disappeared.”29

President George W. Bush’s PART also suffered from a perception that it was politically motivated. Despite being developed with “a degree of transparency and outside involvement that is unusual,”30 the heavy participation of the White House Office of Management and Budget in its implementation resulted in Democrats generally perceiving it as a partisan effort. The PART was supported by legislators with higher levels of business experience31 yet the “perception that PART was a mechanism of one party became a self-fulfilling prophecy—only legislators paying attention were Republicans, over the objections of Democrats.”32 In 2005 an effort to codify PART into law received a party-line vote in the House and never advanced to the Senate. President Obama terminated PART in 2009.

Which leaves us with two reforms that have been sustained because they are set in law: GPRA and its 2010 amendments, GPRAMA. Despite over 30 years of implementation, GPRA has failed to significantly improve government accountability. In 2001 the President George W. Bush’s budget concluded that, despite GPRA, progress toward the use of performance information of program management has been discouraging. Agency performance measures tend to be ill defined and not properly integrated into agency budget submissions and the management and operation of agencies... Performance measures are insufficiently used to monitor and reward staff, or to hold program managers accountable...33

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Further, the White House concluded, the failure in accountability was not only hurting performance but also the right of the public to know what government was doing:

The American people should be able to see how government programs are performing and compare performance and cost across programs. The lack of consistent information and reporting framework for performance, budgeting, and accounting obscures this necessary transparency.³⁴

Eight years later, President Barack Obama’s first budget came to the same conclusion—while GPRA (and, then, PART) had created plenty of performance measures, managers were not using them to make decisions.³⁵

Subsequently, GPRAMA attempted to remedy this lack of use, in part, by forcing agencies to pick out their highest priority GPRA goals, have quarterly meetings on them, and post the results on a public website (Performance.gov). It is perhaps still too early to tell if legislating management meetings and creating a new website will bring GPRA to back to life, but some of the evidence is not encouraging. As if to underline the failure of GPRA, PART and GPRAMA to increase accountability, the percentage of agency managers who say they use performance data to a great or very great extent to set program priorities and allocate resources stayed almost flat between 1997 and 2013 and, if anything, decreased a few percentage points to about 60 percent.³⁶

One government expert, Peter Schuck, puts it bluntly, “Although agencies are required to collect performance data by laws like the 1993 Government Performance and Results Act and the 2010 GPRA Modernization Act, these reports often remain unused and irrelevant…”³⁷

Reforms are Hollow Monuments to Great Expectations

Over time experts have examined these and other accountability reforms as a group and, unfortunately but not surprisingly, they look no more successful than when they are assessed individually. Some people see reforms as following a predictable pattern. As early as 1970, Princeton University Dean, Marver Bernstein concluded, “The history of management improvement in the federal government is a story of inflated rhetoric, shifting emphasis from one fashionable managerial skill to another, and a relatively low level of professional

³⁴ Ibid, p. 28.
achievement.” 15 years later, after a wide ranging review of management efforts, political scientists George Downs and Patrick Larkey came to the same conclusion observing that comprehensive government reforms become “hollow monuments to great expectations and great naiveté.” Ten years after that, in 1997, the Government Accountability Office reviewed all the major efforts up to that point to get agencies to hold themselves accountable for results, starting with President Johnson’s Planning-Programming-Budgeting System. They also concluded, “Consensus exists that all of these efforts, whether launched by the legislative or executive branch, failed to shift the focus of the federal budget process from its longstanding concentration on the items of government spending to the results of its programs.” Finally, in 2008, government expert Paul Light, echoing Bernstein almost 40 years before, noted “Although presidents still celebrate their reform campaigns as the longest and strongest in history, being long and strong has been redefined to mean temporary and mostly hortatory.”

Perhaps former Assistant Secretary at Labor John Donahue provides the most optimistic, but realistic, summation of past reforms:

I certainly do not want to suggest that all of this is a sham. Some real changes have taken place in how public organizations operate, and many of these changes have been very good indeed. Transforming government is an urgent, noble mission embraced by many people of good will and talent. It would be quite surprising had the quest proven fruitless. But many aspiring reformers, among whom I count myself, are plagued by a sense that progress has been meager scaled against either the effort applied or the distance to be traveled.

The Next Step: Lessons from Past Reforms

Given the huge resources expended on government accountability reforms, yet their consistent failure, it is well worth taking the time to determine how future regulatory reforms could be designed to prevent the same result. Why did these reforms fail? What reform methods should be avoided and what characteristics should be included to help overcome barriers to greater accountability? The next George Washington University Regulatory Studies Center Regulatory Insight in this series will examine lessons that should be learned from the lack of success of these past accountability initiatives.