

**STATEMENT  
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FOREST SERVICE  
U.S. DEPARTMENT OF AGRICULTURE  
BEFORE THE SUBCOMMITTEE ON  
FORESTS & FOREST HEALTH  
COMMITTEE ON RESOURCES  
U.S. HOUSE OF REPRESENTATIVE**

Concerning  
USDA Forest Service Performance Measures  
June 29, 2000

Madam Chairman and members of the Subcommittee, thank you for the opportunity to discuss the USDA Forest Service performance measures. Kathryn Maloney, Director of the Forest Service Strategic Planning and Resource Assessment Staff, and Hank Kashdan, Acting Director of the Program and Budget Analysis Staff, accompany me.

The Forest Service has significant authorities and responsibilities for the nation's forest and grassland resources. The USDA Forest Service is committed to providing the best possible stewardship of these priceless resources to benefit current and future generations of Americans.

Chief Mike Dombeck, however, correctly stipulates that commitment by itself is not enough when he says, "Performance and financial accountability will be key to building agency credibility, without which we will be unable to obtain the necessary resources to accomplish the agency's mission."

In my testimony today I want to talk about agency accountability in terms of performance. I want to do this by discussing how agency performance measurement begins with its strategic plan, and progresses through a structure and sequence that leads to agency budget requests, based on a set of performance measures. I will also note how these performance measures must be supported through new integrated agency processes, the use of modern information systems and the application of reporting and evaluation tools that we are currently developing and implementing.

## **Strategic Plan**

Successfully charting the agency's future direction and measuring the agency's performance in meeting its responsibilities is dependent on having a sound strategic plan and a basis for assessing annual progress towards accomplishing the goals and objectives of that plan. That is, a strategic plan that articulates mission-based goals and objectives, focuses on the future, guides near-term management actions, and connects the three.

The Forest Service has been engaged in strategic planning since the Forest and Rangeland Renewable Resources Planning Act (RPA) was passed in 1974. The Government Performance and Results Act (the Results Act) of 1993 requires all federal agencies to prepare: (1) a long-term strategic plan that covers 5 or more years; (2) annual performance plans that specify the annual, near-term actions that are needed to accomplish the plan's long-term goals and objectives and are tied to the budget; and (3) annual program performance reports of accomplishments.

The Forest Service's current Strategic Plan was finalized in 1997 in accordance with the timetable established under the Results Act. The Results Act directs all federal agencies to update and revise their strategic plans at least every three years. The Forest Service will submit its revised Strategic Plan (2000 Revision) to Congress by September 2000.

The substance of the 2000 Revision is consistent with the shift of the Agency's management focus away from short-term measures of "inputs, outputs and process," such as miles of roads and the value of minerals produced, to "outcomes," such as the health of the land, water quality, and customer satisfaction, as envisioned by the Results Act. This focus on outcomes and long-term results represents an important change for the Forest Service in the way we view our management.

The 2000 Revision proposes that these outcomes will be achieved by managing the lands and resources of the National Forest System, delivering technical assistance through State and Private Forestry and International Forestry programs, making use of scientific information from Research and Development programs, and improving the management and accountability of these activities. The 2000 Revision is also an important step toward full integration of strategic planning and budgeting as envisioned by the Results Act.

## **Long-Term Performance Measures**

The four goals of the Forest Service's Strategic Plan 2000 Revision -- ecosystem health, multiple benefits to people, scientific and technical assistance, and effective public service -- will establish the overall direction for Agency programs for the next three to five years.

Associated with each goal are objectives, strategies to achieve the objectives, and measures of progress. Collectively, these components of the strategic plan will provide purpose and context for future management actions and investments, as well as a set of milestones for evaluating progress toward the goals.

By using goals and objectives, we intend to identify where changes in program direction need to take place, target budget resources more effectively, and improve program implementation at all levels of the organization. This is a different and very useful set of information for our decision makers.

For example, if long-term program evaluation, based on monitoring measures in the strategic plan, were to find downward trends in water quality (suspended sediments, dissolved oxygen, increased water temperature), further evaluations would look into why this was occurring. If these trends suggest that current programs are not producing the intended outcomes, they would highlight the need for different programs, adjustments to existing programs, or changes in budget requests. The outcomes of the program changes could then be tracked to verify improving trends or whether further modifications to the programs are necessary.

Through major investments in technology, we are developing natural resource and financial system tools to significantly improve the collection, timeliness, analysis, and use of the data for the future. Those investments include systems such as INFRA, the Natural Resource Information System, the Foundation Financial Information System, a corporate data warehouse, and a budget formulation tool that will integrate performance budget data to the field level. Currently, we do not possess all the tools necessary to fully report or evaluate information accurately or promptly. In many cases, the data necessary for the Agency to benchmark and measure its performance directly on those goals and objectives is lacking.

For example, Objective 1.c. in the 2000 Revision addresses the need to increase the amount of forests and grasslands in a healthy condition by reducing risk and damage from fire, insects and disease, and invasive species. Our long-term measure for this objective is the trends in acres at extreme risk from fire, insects and disease, and invasive species. We have baseline information regarding acres of fire-adapted ecosystems by condition class and fire regime. However, we do not have complete baseline information for acres infested by invasive species and acres affected by insects and disease.

In another example, Objective 1.a. in the 2000 Revision addresses the need to improve and protect watershed conditions to provide the water quality and quantity necessary to support ecological functions and intended beneficial water uses. The outcome measure we intend to track is the “trend in watersheds having improved watershed conditions.” Although specific indicators are difficult to identify, Clean Water Act requirements and states’ water quality standards will be considered as we select what we need for baseline information and monitoring.

The Forest Service is committed to establish baseline information as quickly as possible for each of the long-term measures and to initiate actions to ensure timely collection of such information in the future. The Agency may need to prioritize and re-direct budgetary and staff resources in order to establish baselines, fill data gaps, remedy data deficiencies, and validate performance-related data on an ongoing basis.

We expect to have baselines for half of the milestones identified in the 2000 Revision within six months and the remainder within a year, working in conjunction with other natural resource and land management agencies, state and tribal governments, and partners.

We will identify sources and progress toward attaining data for these baselines in our Annual Performance Plans, starting with the Revised Final FY 2001/Final FY 2002 Plan scheduled for submission next February. We will also continue the efforts to establish Agency-wide data quality standards, consistent with good statistical practices, which will be available to natural resource management agencies outside the Department and for reference by the public.

### **Annual Performance Plan and Annual Measures**

The Results Act prescribes how the priorities of the strategic plan are translated into an Annual Performance Plan (which, in turn, drives the Agency budget request). The Annual Performance Plan establishes annual goals, objectives, and measures of performance and provides a basis for building a budget request to Congress and for measuring project accomplishments. We are working to adjust our processes for budget development to ensure compliance with this requirement, and will do so by assuring that future budget formulation is based on the Annual Performance Plan, beginning this coming February.

Annual performance plans will address specific management actions and investments needed to ensure progress toward the goals and objectives of the strategic plan. Annual performance measures are tied directly to project level operational activities. They will change more frequently than corporate strategic goals and objectives and are indicators of the success or failure of project actions to achieve the outcomes identified by the strategic plan objectives.

In contrast to the long-term, land health and other outcome-focused measures in our strategic plan, most annual performance measures will track units of accomplishment, such as acres or miles, in a given year related to management actions taken or investments made on the ground. Again, the purpose of the action or investment is to achieve long-term goals and objective.

You could think of the annual measures as outputs or tactical measures. For example, if our long-term objective is to improve and protect watershed conditions, as noted before, one action we could take would be to treat acres of land to improve the proper functioning of the watershed. In this near-term context, measures of annual performance must meet three tests:

- First, they must relate to what we do;
- Second, they must relate to the cost associated with undertaking the actions or investments (such as, the cost per acre of land treated);

- Third – and perhaps the most challenging – they should have some linkage or tie to indicate that we are selecting those projects that are most beneficial in achieving our strategic goals and objectives.

In other words, these measures, while reflecting annual accomplishment of specific outputs, must also display specific accomplishments in terms of quality. For example in dealing with hazardous fuel reduction, a measure must not only reflect acres treated, it must also reflect acres changed from high risk to lesser risk classifications. It is one thing to measure the number of acres that are most in need of treatment. It is another to show that we are treating those acres most in need of treatment. This is not an easy thing to do. We are continuing to search for ways of measuring the quality of work performed in addition to quantitative measures.

The key here is to focus on the right measures. We have to measure the vital few correctly and consistently so our data has value.

The annual performance plan and the measures of annual performance will likely change over time, as we use and refine the strategic plan. This is very appropriate, given the adaptive management system required by the Results Act and the stated intention of the proposed planning rule. We will continue to refine our budget structure to be consistent with and to complement the focus provided by our strategic plan and annual performance plans.

It is our intent to use the information that results from the tracking of measures in our strategic plan and annual performance plans to clearly show how the taxpayers' money is being used to conserve and restore the health, diversity, and resiliency of our lands and waters and the services we provide to the American public. This information will be provided in our annual performance reports, as required by the Results Act.

Program evaluations will be conducted in the future to analyze our progress in achieving our long-term outcomes, consistent with our strategic plan goals and objectives. To the extent new policies are adopted to reflect changes in these realities, the strategic plan will be revised, as appropriate, through annual performance plans.

### **Performance Measures and the Forest Service Budget**

The Administration fully intends to base future Forest Service budgets on performance measures for funding activities needed to achieve the goals and objectives of the strategic plan. Budget priorities are to be linked to the corporate strategic goals and expressed through the relationship of budget authority and projected accomplishments.

You saw the first reflection of this process in the performance-based budget structure of the fiscal year 2001 budget request, which included significant reform to the agency's overly complex budget structure. As presented, the budget directly linked to 49 performance measures that were, in turn, tiered to the agency's strategic plan and the Results Act.

Simplifying our budget structure is critical in this effort. We have completed the transition on our approach to funding projects from benefiting function to the primary purpose principle and are addressing key issues with indirect costs. In addition, the Appropriations Committee has reduced the number of budget line items for the National Forest System from 19 to 10 line items, allowing us focus more attention on developing better performance measures that have meaning for Congress, other stakeholders, and our program managers.

We recognize this reduction of budget line items is in essence a contract with Congress, to meet performance expectations through implementation of quality performance measures that are directly linked to the strategic plan. We are committed to this goal and will implement measures beginning in fiscal year 2001 that are significantly improved over those proposed in the budget justification.

Although we have not reached the point where we have fully integrated the Results Act management model with Forest Service actions, we believe we have made a good start and will have in place the management model necessary to demonstrate the linkage between the strategic plan and budget beginning in FY 2002.

We realize we don't have it right, yet, and have a lot of room for improvement. But, we will not back away from strategic planning that is supported by performance-based budgeting and performance accountability. Essential to effectively delivering performance management information is a sound system infrastructure. The availability of reliable baseline data for long-term measures is essential if we are to successfully implement the Forest Service's strategic plan and account for the expected results.

## **Conclusion**

The 2000 Revision to our Strategic Plan, the budget simplification and the improved development and utilization of long- and short-term performance measures, along with our improvements to financial management, are cornerstones of our accountability reform efforts.

Critically important to our commitment, is the effort we are making to implement new, integrated processes and to deliver improved information systems and reporting and evaluation tools. For performance measurement to be effective and agency officials to be held accountable it is imperative that we invest in systems that integrate and track natural resource and financial management information in a manner that performance can be readily displayed, reported on and evaluated. This very critical management information is essential for good resource management decisions for the future.

I am confident that with implementation, we will be able to clearly show this Subcommittee, the Congress, and the public how the Forest Service uses the taxpayers' money to conserve and restore the health, diversity and resiliency of our forests and grasslands and provide goods and services to the American people.

We appreciate the support the Subcommittee has provided us in the endeavor to this point. We look forward to a continued dialogue with the Subcommittee as we implement the necessary changes in Forest Service planning budgeting, financial management, and operation.

Thank you again for the opportunity to testify. I look forward to any questions you may have.