

Chapter IV
Implications for
Congressional Oversight

Implications for Congressional Oversight

The Grant and Cooperative Agreement Act places Federal support of civil sector R&D explicitly within the larger context of Federal assistance. The effectiveness of this R&D in producing public benefits is viewed therefore from the perspective of Federal/non-Federal relationships. From this perspective, effectiveness and public accountability are two closely related issues. Accountability is frequently interpreted as exercising control over the expenditure of public funds. In a larger sense, however, accountability is being answerable to society for its public investments. Assuring the effectiveness of those investments in producing the intended public benefits, therefore, becomes an essential element of accountability. As previously noted, the Grant and Cooperative Agreement Act expresses no policy preference as to whether there should be more or less Federal involvement or control in assistance relationships. Rather, it establishes a framework of relationships that require explicit delineation of the Federal and non-Federal roles and responsibilities most effective for achieving public policy objectives. It is at the level of choosing among alternative Federal and non-Federal roles and responsibilities that effective management control of Federal assistance is exercised.

This conception of accountability and effective management control is essential for Federal efforts to foster technological innovation. The central fact to bear in mind in fostering innovation is that successful innovation requires the commitment of resources by those non-Federal parties involved in the production and delivery of goods and services, whether in the public or private sectors.

Only to the extent that Federal agencies are successful in linking the objectives of public policy to the willingness of non-Federal parties to undertake risks and commit resources can they be successful in bringing about technological innovation. Thus, effective management control is

essential at the level of choosing among the alternative means of providing assistance that might lead to this objective. Obviously, individual transactions also must be managed in a manner appropriate to the character of the relationship. However, it is at the level of choosing among alternative roles and responsibilities that the Grant and Cooperative Agreement Act places the greatest emphasis for attaining the objectives of Federal assistance.

This stress upon choosing among alternatives is especially appropriate for assisting technological innovation. Innovation is an inherently uncertain and high-risk venture, so failure often is inevitable. Therefore, redirecting or terminating a project is in itself no indication of inadequate project management. The support of R&D is a limited policy instrument for achieving social and economic goals. Failure to achieve a linkage between public policy objectives and the necessary commitment of resources by non-Federal parties may indicate a need for other policy measures, rather than inadequate management by executive agencies.

Congressional Guidelines

The assistance perspective and framework of relationships established by the Grant and Cooperative Agreement Act could be very helpful in evaluating the effectiveness of Federal efforts to stimulate technological change in the civil sector. The following questions are designed to assist the Congress in overseeing these Federal efforts:

1. Is the distinction clearly drawn between: (1) generating new knowledge to expand the range of technological options, and (2) fostering specific technological innovations'?

In the former case, R&D goals are appropriate; in the latter case, innovation goals are appropriate. A distinguishing feature of innovation goals is that their attainment lies beyond the limited period of Federal support and involvement. Thus, executive agencies must develop effective program strategies which engage those non-Federal parties that have the capacity and incentive to actually deliver the goods and services from which public benefits derive. Otherwise, the realization of public benefits is simply left to chance.

As previously discussed, in policy sectors where there is a tradition of using the results of R&D and the necessary institutional linkages are in place and functioning, the Federal Government can effectively satisfy unmet civil sector needs through expanding the range of technological options. Where such linkages are inadequate, however, expanding the range of technological options is unlikely to lead to the adoption and use of new technology without further efforts to foster specific innovations. It is therefore essential that executive agencies correctly analyze the institutional environments they encounter in each particular circumstance and adopt goals appropriate to each situation.

2. Are the Federal and non-Federal roles and responsibilities appropriate to assistance relationships reflected in the use of alternative legal instruments?

Assistance relationships imply a cooperative effort between the Federal Government and non-Federal parties in achieving a common objective. The cooperative nature of assistance relationships is especially important in achieving innovation goals, since the attainment of these goals lies beyond the limited period of Federal involvement and support. Thus, in implementing a cooperative assistance perspective, the retention of the same measure of Federal control as in a procurement contract is likely to be the exception rather than the rule. The introduction of the cooperative agreement on a Government-wide basis provides a means for sharing responsibility with non-Federal parties while retaining the degree of Federal involvement deemed necessary to achieve public policy objectives.

The relative proportion of assistance relationships handled through contracts, cooperative agreements, and grants readily reveals the overall extent of an executive agency's control or involvement. Thus, the framework of assistance relationships reveals perceptions at the operating program level as to what level of control or involvement is most effective for attaining mission objectives. The framework of assistance relationships, therefore, offers the opportunity to require of executive agencies explicit rationales as to how a particular level of control or involvement is related to their mission.

One of the purposes of the Grant and Cooperative Agreement Act is to help eliminate unnecessary administrative requirements of recipients of Federal awards through clarifying the operational roles and responsibilities of both executive agencies and non-Federal recipients. The establishment of a framework of Federal/non-Federal relationships facilitates congressional shaping of policy on the extent of Federal involvement or control in the assistance of non-Federal activities, rather than such policy being shaped, as it were by default, through the promulgation of unnecessary rules and regulations.

3. Are program strategies for achieving innovation goals systematically developed?

As previously emphasized, technological innovation requires the commitment of resources and the acceptance of risk by non-Federal parties. Therefore, stimulation of innovation should be oriented toward engaging those non-Federal parties, whether in the public or private sector, who have the capacity and incentive to actually produce and deliver the desired goods and services. Developing and assessing alternative strategies for accomplishing this goal requires the involvement of interested non-Federal parties who understand the conditions for successful innovation in a particular policy sector.

Such program strategies provide the necessary context for making informed choices among alternative legal instruments in individual transactions. Such strategies also provide the context for making assistance awards on an openly competitive basis. The key point is that an agency mission to stimulate socially desirable innovations in

a particular policy sector implies the responsibility to develop and manage program strategies that lead to that goal.

Such strategies are pertinent for assessing the causes of failure when it occurs. As already noted, innovation is an inherently uncertain venture, and failure often is inevitable. However, if an agency has exhibited a pattern of adequate management, and has attempted to engage the appropriate non-Federal parties, then failure may simply indicate the limitations of R&D as a policy instrument for achieving a particular objective. The emphasis upon choosing among alternative roles and responsibilities and exercising management control at a strategic level offers a means of reconciling the demands of accountability with the inherent risk of assisting innovation.

4. Is the potential of a uniform Government-wide framework for systematically learning which program inputs produce the desired program outputs being fully exploited by executive agencies?

Congress seeks to ensure the integrity of the management process in executive agencies, so that set policies can be effectively implemented. In this regard, the establishment of a uniform framework for assistance relationships would greatly facilitate more effective project and program evaluation. Moreover, a Government-wide framework makes possible meaningful comparisons between different agencies. If the OMB study mentioned earlier is successful in developing more adequate administrative practices for assisting technological innovation, the potential for systematically learning on a Government-wide, institutional basis what works and what does not could be enhanced even further. Thus, if the opportunity for improving program management is fully exploited, an understanding of which program inputs produce the desired outputs could be systematically acquired.

5. Are the limitations, as well as the opportunities of R&D as a policy tool for meeting social and economic needs being fully reflected in Federal assistance of innovation?

In seeking reauthorizations and annual appropriations for their programs, it is natural that executive agencies emphasize the opportunities their programs offer for dealing with important national problems. However, the limitations of R&D as a policy instrument also provide important information to Congress in the ongoing formulation and reformulation of national policy. The mere matching of technological opportunities and user needs reveals little in this regard. However, efforts designed to lead to the commitment of the non-Federal resources necessary for technological change should reveal the extent to which such commitments can be linked to public policy objectives. Where such a linkage appears infeasible, further policy measures may be required if the objective is to be attained.

.

The Grant and Cooperative Agreement Act clarifies the basis for relationships between the Federal Government and non-Federal parties in the support and stimulation of technological change in the civil sector. If the provisions of the Act are effectively implemented, the R&D system sustained by the Federal Government for the purpose of meeting civil sector needs will be much more explicitly oriented toward meeting those needs than heretofore. This R&D system should therefore become more responsive to the range of non-Federal parties and institutions it is intended to serve. Such responsiveness should lead to more effective exploitation of opportunities for meeting social and economic needs through R&D—while recognizing 1) the limitations of this policy instrument and 2) the need for its effective integration with other policy instruments in meeting public policy objectives.