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# FISCAL POSITION OF THE GOVERNMENT

STRATEGIC OBJECTIVE PLAN

2000-2002





# GAO'S MISSION

GAO exists to support the Congress in meeting its Constitutional responsibilities and to help improve the performance and accountability of the federal government for the benefit of the American people.

## CORE VALUES

### ACCOUNTABILITY

describes the nature of GAO's work. GAO helps the Congress oversee federal programs and operations to ensure accountability to the American people. GAO's evaluators, auditors, lawyers, economists, public policy analysts, information technology specialists, and other multidisciplinary professionals seek to enhance the economy, efficiency, effectiveness, and credibility of the federal government both in fact and in the eyes of the American people. GAO accomplishes its mission through a variety of activities, including financial audits, program reviews, investigations, legal support, and program analyses.

### INTEGRITY

describes the high standards that GAO sets for itself in the conduct of its work. GAO takes a professional, objective, fact-based, nonpartisan, nonideological, fair, and balanced approach to all of its activities. Integrity is the foundation of reputation, and GAO's approach to its work ensures both.

### RELIABILITY

describes GAO's goal for how its work is viewed by the Congress and the American public. GAO produces high-quality reports, testimony, briefings, legal opinions, and other products and services that are timely, accurate, useful, clear, and candid.

## FOREWORD

In fulfilling its mission, GAO examines the use of public funds; evaluates federal programs and activities; and provides analyses, options, recommendations, and other assistance to help the Congress make effective oversight, policy, and funding decisions. In this context, GAO works to continuously improve the economy, efficiency, and effectiveness of the federal government through the conduct of financial audits, program reviews and evaluations, analyses, legal opinions, investigations, and other services. Most of this work is based upon original data collection and analysis.

To ensure that GAO, in serving the Congress, targets the right issues, provides balanced perspectives, and develops practical recommendations, GAO regularly consults with the Congress and maintains relationships with a variety of federal, state, academic, and professional organizations. GAO also obtains the perspectives of applicable trade groups and associations and attends professional conferences. Moreover, GAO regularly coordinates its work with CRS, CBO, and agency Inspector General offices. Throughout, GAO's core values of accountability, integrity, and reliability are guiding principles.

In keeping with its mission and responsibilities, GAO has developed a strategic plan that includes four strategic goals and 21 related strategic objectives. To ensure that GAO's resources are directed to achieving its goals, a separate strategic plan underlies each objective. Bolstering GAO's goal of supporting the transition to a more results-oriented and accountable government, this strategic plan describes the performance goals GAO will use in analyzing the federal government's long-term and near-term fiscal position, outlook, and options.

This plan covers a 3-year period; however, because unanticipated events may significantly affect even the best of plans, GAO's process allows for updating this plan to respond quickly to emerging issues. If you have questions or desire information on additional or completed work related to this strategic objective, please call or e-mail me or the persons listed on the following pages.

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# SERVING THE CONGRESS GAO'S STRATEGIC PLAN FRAMEWORK

## MISSION

GAO exists to support the Congress in meeting its Constitutional responsibilities and to help improve the performance and accountability of the federal government for the benefit of the American people.

## GOALS

PROVIDE TIMELY, QUALITY SERVICE TO THE CONGRESS AND THE FEDERAL GOVERNMENT

SUPPORT THE TRANSITION

MAXIMIZE THE VALUE OF GAO



TO ADDRESS CURRENT AND EMERGING CHALLENGES TO THE WELL-BEING AND FINANCIAL SECURITY OF THE AMERICAN PEOPLE



TO RESPOND TO CHANGING SECURITY THREATS AND THE CHALLENGES OF GLOBAL INTERDEPENDENCE



TO A MORE RESULTS-ORIENTED AND ACCOUNTABLE FEDERAL GOVERNMENT



BY BEING A MODEL ORGANIZATION FOR THE FEDERAL GOVERNMENT

## THEMES

Demographics

Globalization

Quality of Life

Security

Technology

Government Performance and Accountability

## OBJECTIVES

Health care needs and financing  
Retirement income security  
Social safety net  
Education/workforce issues  
Effective system of justice  
Community investment  
Natural resources use and environmental protection  
Physical infrastructure

Diffuse security threats  
Military capabilities and readiness  
Advancement of U.S. interests  
Global market forces

**FISCAL POSITION OF THE GOVERNMENT**  
Government financing and accountability  
Governmentwide management reforms  
Economy, efficiency, and effectiveness improvements in federal agencies

Client relations  
Strategic and annual planning  
Human capital  
Core business and supporting processes  
Information technology services

## CORE VALUES

Accountability

Integrity

Reliability

## SUPPORT THE TRANSITION



## TO A MORE RESULTS-ORIENTED AND ACCOUNTABLE FEDERAL GOVERNMENT

### FISCAL POSITION OF THE GOVERNMENT

Government financing and  
accountability

Governmentwide  
management reforms

Economy, efficiency, and  
effectiveness improvements  
in federal agencies

## ANALYZE THE FEDERAL GOVERNMENT'S LONG-TERM AND NEAR-TERM FISCAL POSITION, OUTLOOK, AND OPTIONS

The budget of the United States is the vehicle through which the Congress and the President balance competing views about the allocation of federal resources, accountability for those resources, and the allocation of responsibility between public and private sectors and between levels of government. For more than a decade, congressional debate has focused on deficit reduction, and most policy proposals have been viewed, at least in part, through the deficit lens. Today, policymakers find themselves in an unfamiliar position: The goal of a balanced unified budget has been achieved, but there is no agreement on the successor goal. Projections now show a unified budget surplus throughout the forecast period, but we know that these surpluses—to the extent they materialize—will eventually be overwhelmed by demographic and health care cost trends. GAO's long-term budget model suggests that, absent policy changes, a period of surpluses will be followed by the resumption of large deficits over the longer terms. In this situation, the Congress, the President, and the American people face the challenge of making decisions for not only the near term but also the medium and long term. The budget control regime instituted to achieve balance remains in place, but it is not stable. No agreement has been reached on the appropriate structure or process for focusing on the challenges that now move to center stage.

GAO's strategic plan identifies four multiyear performance goals to achieve the strategic objective of analyzing the federal government's long-term and near-term fiscal position, outlook, and options. The following pages discuss the significance of the performance goals, the key efforts that will be undertaken, and the potential outcomes.

### *Performance Goals*

- Address the Long-Term Fiscal Health of the Federal Government
- Analyze the Structure and Information for Budgetary Choices
- Promote Effective Management of Resources
- Identify Budget Implications of Various Governmental Tools Using Third Parties in Federal Programs



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## *Address the Long-Term Fiscal Health of the Federal Government*

### *Significance*

Although the current projections are for surpluses through 2009, long-term budget models show that the current fiscal policy path is unsustainable over the long term. Although this is driven largely by Social Security and Medicare, there is also an increasing willingness to pay attention to the long-term implications of other programmatic and budgetary decisions.

Our contribution to addressing the long-term fiscal health of the federal government recognizes two important elements: (1) fiscal policies promoting higher current savings and investment can help expand the economic resources and incomes of future generations, thereby enhancing their capacity to finance long-term commitments, and (2) the full recognition of the future costs inherent in our current commitments can prompt decisionmakers to address the admittedly difficult choices to make major programs more affordable and economically sustainable.



### *Key Efforts*

Provide a more comprehensive assessment of the current and future fiscal outlook through composite analyses of budgetary and financial accounting information

Continue to update and refine GAO's long-term budget model to highlight future budgetary and economic consequences of current and alternative fiscal policy paths

Identify approaches to enhancing long-term economic growth through examination of alternative ways to increase national savings and policies affecting the future size of the labor force

Provide improved understanding of the federal debt and the implications of alternative fiscal policies and debt management approaches

Provide information from the experiences of other countries on whether and how to maintain budget surpluses

Define a taxonomy of the different types of budgetary commitments the federal government faces in the future and identify ways to promote greater transparency of the costs of these commitments in the budget

Continue analysis of issues in trust fund financing and investment policies for long-term commitments

### *Potential Outcomes*

Inform the Congress and the public of the long-term implications of current and alternative fiscal policies on the budget surplus, the national debt, national savings, and other budgetary and economic measures of fiscal position

Assist in an informed debate about the consequences of demographic change on existing and proposed long-term budgetary commitments

Facilitate congressional decisionmaking by making the budgetary implications of long-term commitments more transparent in the budget

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## *Analyze the Structure and Information for Budgetary Choices*

### *Significance*

The achievement of surpluses raises new questions about the continued legitimacy of budget rules and controls guiding the allocation of resources forged in an era of large deficits. Congressional budget decisions are driven by long-standing rules and budget conventions that may very well need to be revisited. The combination of the surplus, the long-term pressures on the budget, and the pent-up demands to reduce taxes or increase spending in certain areas is likely to lead either to stretching the current system or to a major overhaul. For example, the unified budget was created to bring together all federal spending and taxing activity as a way to both understand fiscal policy and permit a global view of trade-offs within the budget. There are movements to disaggregate the budget in an attempt to recognize the different goals and time horizons of different federal spending and tax policies. Some, for example, seek to isolate Social Security, others seek to isolate “capital,” while still others seek to wall off various trust funds. Some have proposed changing measures used in the budget—for example, moving from cash to accrual for some or all federal activities. Others have suggested seeking to change the focus from deficit/surplus to debt burden. Whatever the fiscal goal and budget rules, the need for oversight and timely information on the performance of programs remains critical.



### *Key Efforts*

Assess the potential relevance of new fiscal policy targets to help policymakers formulate and implement longer-term budgetary goals, such as targets for debt as a share of the economy

Continue to analyze alternative ways to consider both federally owned capital and federal spending on investment in the budget

Develop a guide to support the congressional review of budget requests based on the performance, financial, and information management tools being developed by agencies

Work to develop tools to identify major budget drivers and budgetary challenges facing key federal agencies or programs

Continue to periodically report on the budget and oversight implications of GAO's audit and evaluation work

Continue to observe how OMB integrates the governmentwide performance plan into its annual budget development and review process

### *Potential Outcomes*

Assist in the debate about alternatives to current budgetary structures and control mechanisms, both for the short term—within the framework of the Budget Enforcement Act—and for the long term, when the Budget Enforcement Act expires

Help the Congress understand the implications of current budget structures for the kinds of trade-offs that can be considered in the budget

Support congressional reviews of agency budget requests, provide information on emerging cost pressures and funding gaps, and help identify more cost-effective approaches to meeting current and future needs

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## *Promote Effective Management of Resources*

### *Significance*

The new performance-based management calls for a multidimensional approach to accountability and management efficiency. The history of management reform suggests that budgeting is a vital component of any sustainable initiative to improve government performance, and those initiatives that have ignored or bypassed the budget and appropriations processes have been doomed to irrelevance. Moreover, budget formulation and execution processes stand to reap considerable gains from being more closely linked to both Government Performance and Results Act and Chief Financial Officers Act initiatives. Accordingly, GAO's plan will help address how the budget formulation and execution processes can facilitate performance and financial management improvements in federal programs and operations, including alternative budget approaches obtained from best practices of states and other countries.



### *Key Efforts*

Analyze how the shift to a results orientation is changing what constitutes "good budgeting"—what the standards have been and how they need to change to promote more complete integration of budget, accounting, and performance information

Track and analyze the use of performance indicators in budget decisions—both in the Congress and within agencies—as budgets are prepared

Monitor progress on cost accounting at the federal level and explore implications for linking resources to results

Examine and analyze how agencies deal with various challenges, including how they (1) integrate capital needs into the strategic planning and budgeting processes, (2) cover what they see as "mandatory costs" when appropriations are not growing, and (3) respond to unexpected events within existing congressional notification and approval requirements (e.g., transfers and reprogramming restrictions)

Look at how OMB's oversight and control of funds have changed—allocation, apportionment, etc.

Address trade-offs associated with various approaches for providing agencies with flexibility for managing resources to promote greater efficiency

### *Potential Outcomes*

Gain a more systematic understanding of the operations and constraints surrounding agency budget formulation and execution practices and identify models for effectively linking resources and results

Increase the confidence of the Congress and the public in the integrity of budgetary data used for accountability and decisionmaking

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## *Identify Budget Implications of Various Governmental Tools Using Third Parties in Federal Programs*

### *Significance*

The federal government achieves many of its goals through a variety of third parties—state and local governments, nonprofit agencies, and for-profit businesses. When one assesses the range of programs involving third parties, it becomes obvious that very little federal activity is performed entirely by federal employees. Rather, the federal government uses a range of tools—grants, loans, tax expenditures, and regulations—to engage nonfederal actors in achieving federal goals. The changing nature of federal activity is reflected in the fact that although federal outlays and programs have increased exponentially since 1952, the number of federal employees remained relatively stable and has recently decreased. Third parties, not federal employees, have become increasingly integral to our federal system. The federal reliance on third parties raises important budgetary questions and issues, as well as implications for management and performance.



### *Key Efforts*

Initiate a developmental planning and learning initiative that would survey issues on third party governance and create an agenda for future work

Review the fiscal impact of TANF (Temporary Assistance to Needy Families) block grants for issues relating to reauthorization

### *Potential Outcomes*

Provide the Congress and others with better information on the budgetary implications of using alternative program tools, other levels of government, and third parties to accomplish national objectives

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*The full set of GAO's strategic planning, performance, and accountability documents are listed below. All of these documents, as well as other GAO reports and documents, may be obtained electronically on our website, [www.gao.gov](http://www.gao.gov).*



**Accountability Report for fiscal year 1999**

**Strategic Plan, 2000-2005**

*Strategic Plan Executive Summary*

*Strategic Plan Framework*

**Strategic Objective Plans**

*Health Care Needs and Financing*

*Retirement Income Security*

*Social Safety Net*

*Education/Workforce Issues*

*Effective System of Justice*

*Community Investment*

*Natural Resources Use and Environmental Protection*

*Physical Infrastructure*

*Diffuse Security Threats*

*Military Capabilities and Readiness*

*Advancement of U.S. Interests*

*Global Market Forces*

*Fiscal Position of the Government*

*Government Financing and Accountability*

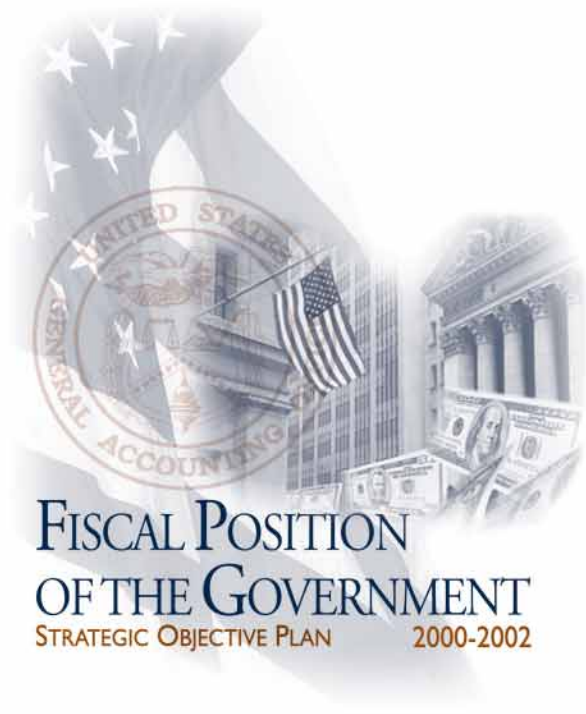
*Governmentwide Management Reforms*

*Economy, Efficiency, and Effectiveness*

*Improvements in Federal Agencies*

*Maximize the Value of GAO*

**Performance Plan Fiscal Year 2001**



**FISCAL POSITION  
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