



Highlights of [GAO-03-595T](#) report to the Subcommittee on Government Efficiency and Financial Management, Committee on Government Reform, House of Representatives

## Why GAO Did This Study

Since the Government Performance and Results Act (GPRA) was enacted in 1993, federal agencies increasingly have been expected to link strategic plans and budget structures with program results. The current administration has taken several steps to strengthen and further the performance-resource linkage by making budget and performance integration one of its five management initiatives included in the President's Management Agenda.

GAO has reported and testified numerous times on agencies' progress in making clearer connections between resources and results and how this information can inform budget deliberations. The administration's use of the Program Assessment Rating Tool (PART) for the fiscal year 2004 President's budget and further efforts in fiscal year 2005 to make these connections more explicit, have prompted our examination of what can and cannot be expected from performance budgeting.

[www.gao.gov/cgi-bin/getrpt?GAO-03-595T](http://www.gao.gov/cgi-bin/getrpt?GAO-03-595T).

To view the full testimony, click on the link above. For more information, contact Paul Posner at (202) 512-9573 or [posnerp@gao.gov](mailto:posnerp@gao.gov).

# PERFORMANCE BUDGETING

## Current Developments and Future Prospects

### What GAO Found

**Performance management is critical to delivering program results and ensuring accountability, but it is not without risks.**

Building on agencies' hard-won achievements in developing plans and measures, the government faces the challenge of promoting the use of that information in budget decision making, program improvement, and agency management. More explicit use of performance information in decision making promises significant rewards, but it will not be easy. Decision makers need a road map that defines what successful performance budgeting would look like, and identifies key elements and potential pitfalls.

**Credible performance information and measures are critical for building support for performance budgeting.** For performance data to more fully inform resource allocation decisions, decision makers must feel comfortable with the appropriateness and accuracy of the outcome information and measures presented—that is, that they are comprehensive and valid indicators of a program's outcomes. Decision makers likely will not use performance information that they do not perceive to be credible, reliable, and reflective of a consensus about performance goals among a community of interested parties. The quality and credibility of outcome-based performance information and the ability of federal agencies to evaluate and demonstrate their programs' effectiveness are key to the success of performance budgeting.

**Successful performance budgeting is predicated on aligning performance goals with key management activities.** The closer the linkage between an agency's performance goals, its budget presentation, and its net cost statement, the greater the reinforcement of performance management throughout the agency and the greater the reliability of budgetary and financial data associated with performance plans. Clearer and closer association between expected performance and budgetary requests can more explicitly inform budget discussions and shift the focus from inputs to expected results.

**The test of performance budgeting will be its potential to reshape the kinds of questions and trade-offs that are considered throughout the budget process.** The real payoff will come in strengthening the budget process itself. The focus on outcomes potentially can broaden the debate and elevate budget trade-offs from individual programs to a discussion of how programs work together to achieve national goals. It is critical to understand how programs fit within a broader portfolio of tools and strategies for program delivery. Shifting perspectives from incremental budgeting to consideration of all resources available to a program, that is, base funding as well as new funds, potentially can lead to a reexamination of existing programs, policies, and activities. Prudent stewardship of our nation's resources is essential not only to meeting today's priorities, but also for delivering on future commitments and needs.