



Highlights of [GAO-05-796SP](#)

Why GAO Convened This Workshop

Improving the economy and efficiency of federal programs has long been a key objective of the Government Accountability Office (GAO). To this end, GAO held a workshop on December 17, 2004, to discuss the use of economic analysis, such as benefit cost or cost effectiveness, for helping to measure the performance of federal programs. The workshop's purpose was to

- discuss the present state of economic performance measures and identify gaps in their application and the barriers and analytical issues that limit their use in helping assess the performance of federal programs and
- identify opportunities for the federal government and professional and academic institutions to improve (1) the use of economic performance measures for evaluating federal programs and (2) the general economic principles and guidance on which economic performance analysis is based.

www.gao.gov/cgi-bin/getrpt?GAO-05-796SP.

To view the full product, including the scope and methodology, click on the link above. For more information, contact Nancy R. Kingsbury at (202) 512-2700 or kingsburyn@gao.gov.

ECONOMIC PERFORMANCE

Highlights of a Workshop on Economic Performance Measures

What Participants Said

Workshop participants identified a number of issues regarding the use of economic performance analysis—benefit-cost or cost-effectiveness analysis—in evaluating federal program performance. They generally said the following:

- The quality of the economic performance assessment of federal programs has improved but is still highly variable and not sufficient to adequately inform decision makers.
- The gaps in applying economic performance measures are that they are not widely used, mechanisms for revisiting a regulation or program are lacking, retrospective analyses are often not done, and homeland security regulations present additional challenges and typically do not include economic analysis.
- Barriers include agencies' lack of resources and only limited demand from decision makers for benefit-cost analysis. In addition, some participants stated that organizational barriers called stovepipes or silos hinder communication.
- Some analytical issues that affect the application of economic performance measures are limited guidance on assessing unquantifiable benefits, equity, and distributional effects of federal actions; lack of agreement on some values for key assumptions; and lack of guidance on tools that do not monetize outcomes, such as multiobjective analysis.
- Opportunities to expand the use of measures include evaluation of existing programs retrospectively and application to homeland security issues.
- Ways to improve the general economic principles and guidance that economic performance analysis is based upon include developing a minimum set of principles and abbreviated guidelines for economic performance analysis, developing one-page summaries and scorecards of analysis results, standardizing some key values for assumptions, and creating an independent and flexible organization to provide guidance and develop standards.