

March 2004

# RESULTS-ORIENTED GOVERNMENT

## GPRA Has Established a Solid Foundation for Achieving Greater Results



G A O

Accountability \* Integrity \* Reliability



Highlights of [GAO-04-38](#), a report to congressional requesters

# RESULTS-ORIENTED GOVERNMENT

## GPRA Has Established a Solid Foundation for Achieving Greater Results

### Why GAO Did This Study

Now that the Government Performance and Results Act (GPRA) has been in effect for 10 years, GAO was asked to address (1) the effect of GPRA in creating a governmentwide focus on results and the government's ability to deliver results to the American public, (2) the challenges agencies face in measuring performance and using performance information in management decisions, and (3) how the federal government can continue to shift toward a more results-oriented focus.

### What GAO Recommends

GAO recommends that the Office of Management and Budget (OMB) improve its guidance and oversight of GPRA implementation, as well as develop a governmentwide performance plan. GAO also believes Congress should consider amending GPRA to require that (1) agencies update their strategic plans at least once every four years, consult with congressional stakeholders at least once every new Congress, and make interim updates to strategic and performance plans as appropriate; and (2) the President develop a governmentwide strategic plan. OMB generally agreed with our recommendations, but stated that the President's Budget can serve as both a governmentwide strategic and annual plan. However, we believe the budget provides neither a long-term nor an integrated perspective on the federal government's performance.

[www.gao.gov/cgi-bin/getrpt?GAO-04-38](http://www.gao.gov/cgi-bin/getrpt?GAO-04-38).

To view the full product, including the scope and methodology, click on the link above. For more information, contact Patricia A. Dalton at (202) 512-6806 or [daltonp@gao.gov](mailto:daltonp@gao.gov).

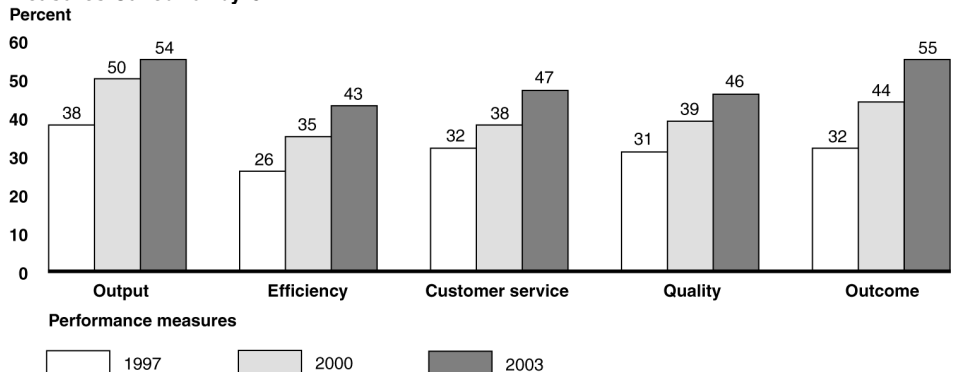
### What GAO Found

GPRA's requirements have established a solid foundation of results-oriented performance planning, measurement, and reporting in the federal government. Federal managers surveyed by GAO reported having significantly more of the types of performance measures called for by GPRA (see figure below). GPRA has also begun to facilitate the linking of resources to results, although much remains to be done in this area to increase the use of performance information to make decisions about resources. We also found agency strategic and annual performance plans and reports we reviewed have improved over initial efforts.

Although a foundation has been established, numerous significant challenges to GPRA implementation still exist. Inconsistent top leadership commitment to achieving results within agencies and OMB can hinder the development of results-oriented cultures in agencies. Furthermore, in certain areas, federal managers continue to have difficulty setting outcome-oriented goals, collecting useful data on results, and linking institutional, program, unit, and individual performance measurement and reward systems. Finally, there is an inadequate focus on addressing issues that cut across federal agencies.

OMB, as the focal point for management in the federal government, is responsible for overall leadership and direction in addressing these challenges. OMB has clearly placed greater emphasis on management issues during the past several years. However, it has showed less commitment to GPRA implementation in its guidance to agencies and in using the governmentwide performance plan requirement of GPRA to develop an integrated approach to crosscutting issues. In our view, governmentwide strategic planning could better facilitate the integration of federal activities to achieve national goals.

**Percentage of Federal Managers Who Reported Having Specific Types of Performance Measures Called for by GPRA**



Source: GAO.

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**Abbreviations**

AP	advanced placement
CDBG	Community Development Block Grants
CFO	Chief Financial Officer
CRS	Congressional Research Service
DOE	Department of Energy
DOT	Department of Transportation
EPA	Environmental Protection Agency
FAA	Federal Aviation Administration
FSA	Federal Student Assistance
FTE	full-time employee
GM	general management
GPRA	Government Performance and Results Act of 1993
GS	general schedule
HHS	Department of Health and Human Services
HOME	Home Investment Partnership Program
HUD	Department of Housing and Urban Development
ICH	Interagency Council on the Homeless
IG	Inspector General
IT	information technology
IRS	Internal Revenue Service
JARC	Job Access and Reverse Commute
NAEP	National Assessment for Educational Progress
NASA	National Aeronautics and Space Administration
OASI	Old Age and Survivors Insurance
OMB	Office of Management and Budget
OPM	Office of Personnel Management
PART	Program Assessment Rating Tool
PMA	President's Management Agenda
SBA	Small Business Administration
SBDC	Small Business Development Centers
SES	Senior Executive Service
SSA	Social Security Administration
SSI	Supplemental Security Income
SSN	Social Security number
VA	Department of Veterans Affairs

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United States General Accounting Office  
Washington, D.C. 20548

March 10, 2004

Congressional Requesters

As you requested, we have assessed the effectiveness of the Government Performance and Results Act (GPRA), in light of its 10-year anniversary in 2003. Our review focused on GPRA's accomplishments, challenges to its continued implementation, and an agenda for achieving a sustainable, governmentwide focus on results.

Upon issuance, we will send copies to the Director of the Office of Management and Budget and executive branch agencies (see appendix VII for a list). We will also make copies available to others upon request. In addition, this report will be available at no charge on the GAO web site at <http://www.gao.gov>.

If you have any questions concerning this report, please contact Patricia A. Dalton at (202) 512-6806 or [daltonp@gao.gov](mailto:daltonp@gao.gov). The major contributors to this report are listed in appendix XII.

David M. Walker  
Comptroller General  
of the United States

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*List of Requesters*

The Honorable Susan M. Collins  
Chairman  
The Honorable Joe Lieberman  
Ranking Minority Member  
Committee on Governmental Affairs  
United States Senate

The Honorable George V. Voinovich  
Chairman  
The Honorable Richard Durbin  
Ranking Minority Member  
Subcommittee on Oversight of Government Management, the Federal  
Workforce, and the District of Columbia  
Committee on Governmental Affairs  
United States Senate

The Honorable Peter G. Fitzgerald  
Chairman  
The Honorable Daniel K. Akaka  
Ranking Minority Member  
Subcommittee on Financial Management, the Budget, and International  
Security  
Committee on Governmental Affairs  
United States Senate

The Honorable Tom Davis  
Chairman  
The Honorable Henry A. Waxman  
Ranking Minority Member  
Committee on Government Reform  
House of Representatives

The Honorable Todd Russel Platts  
Chairman  
The Honorable Edolphus Towns  
Ranking Minority Member  
Subcommittee on Government Efficiency and Financial Management  
Committee on Government Reform  
House of Representatives

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# Executive Summary

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## Purpose

From defending the homeland against terrorists, to preventing the spread of infectious diseases, to providing a reliable stream of social security income to retirees and supporting the transition from welfare to work, the federal government provides funding and services to the American public that can affect their lives in critical ways every day. However, the federal government is in a period of profound transition and faces an array of challenges and opportunities to enhance performance, ensure accountability, and position the nation for the future. A number of overarching trends, such as diffuse security threats and homeland security needs, increasing global interdependency, the shift to knowledge-based economies, and the looming fiscal challenges facing our nation drive the need to reconsider the proper role for the federal government in the 21st century, how the government should do business (including how it should be structured), and in some instances, who should do the government's business.

Without effective short- and long-term planning, which takes into account the changing environment and needs of the American public and the challenges they face and establishes goals to be achieved, federal agencies risk delivering programs and services that may or may not meet society's most critical needs. At a cost to taxpayers of over \$2 trillion annually, the federal government should be able to demonstrate to the American public that it can anticipate emerging issues, develop sound strategies and plans to address them, and be accountable for the results that have been achieved.

Concerned that the federal government was more focused on program activities and processes than the results to be achieved, Congress passed the Government Performance and Results Act of 1993 (GPRA).<sup>1</sup> The act required federal agencies to develop strategic plans with long-term, outcome-oriented goals and objectives, annual goals linked to achieving the long-term goals, and annual reports on the results achieved. Now that GPRA has been in effect for 10 years, you asked us to assess the effectiveness of GPRA in creating a focus on results in the federal government. Specifically, this report discusses (1) the effect of GPRA over the last 10 years in creating a governmentwide focus on results and the government's ability to deliver results to the American public, including an assessment of the changes in the overall quality of agencies' strategic plans,

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<sup>1</sup>Pub. L. No. 103-62.

annual performance plans, and annual performance reports; (2) the challenges agencies face in measuring performance and using performance information in management decisions; and (3) how the federal government can continue to shift toward a more results-oriented focus.

To meet our objectives, we reviewed our extensive prior work on GPRA best practices and implementation and collected governmentwide data to assess the government's overall focus on results. We conducted a random, stratified, governmentwide survey of federal managers comparable to surveys we conducted in 1997 and 2000. We also held eight in-depth focus groups—seven comprised of federal managers from 23 federal agencies and one with GPRA experts. We also interviewed top appointed officials from the current and previous administrations. Finally, we judgmentally selected a sample of six agencies to review for changes in the quality of their strategic plans, performance plans, and performance reports since their initial efforts. The agencies we selected included the Departments of Education (Education), Energy (DOE), Housing and Urban Development (HUD), and Transportation (DOT) and the Small Business (SBA) and Social Security Administrations (SSA). In making this selection, we chose agencies that collectively represented the full range of characteristics in the following four areas: (1) agency size (small, medium, large); (2) primary program type (direct service, research, regulatory, transfer payments, and contracts or grants); (3) quality of fiscal year 2000 performance plans based on our previous review;<sup>2</sup> and (4) type of agency (cabinet department and independent agency). Appendix I contains a more detailed discussion of our scope and methodology. We performed our work in Washington, D.C., from January through November 2003 in accordance with generally accepted government auditing standards.

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## Background

GPRA is the centerpiece of a statutory framework that Congress put in place during the 1990s to help resolve the long-standing management problems that have undermined the federal government's efficiency and effectiveness and to provide greater accountability for results. GPRA was intended to address several broad purposes, including strengthening the confidence of the American people in their government; improving federal program effectiveness, accountability, and service delivery; and enhancing

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<sup>2</sup>U.S. General Accounting Office, *Managing for Results: Opportunities for Continued Improvements in Agencies' Performance Plans*, [GAO/GGD/AIMD-99-215](#) (Washington, D.C.: July 20, 1999).

congressional decision making by providing more objective information on program performance.

GPRA requires executive agencies to complete strategic plans in which they define their missions, establish results-oriented goals, and identify the strategies that will be needed to achieve those goals. GPRA requires agencies to consult with Congress and solicit the input of others as they develop these plans. Through this strategic planning requirement, GPRA has required federal agencies to reassess their missions and long-term goals as well as the strategies and resources they will need to achieve their goals. Agencies developed their first strategic plans in fiscal year 1997, and are required to update the plans every 3 years since then.

GPRA also requires executive agencies to prepare annual performance plans that articulate goals for the upcoming fiscal year that are aligned with their long-term strategic goals. These performance plans are to include results-oriented annual goals linked to the program activities displayed in budget presentations as well as the indicators the agency will use to measure performance against the results-oriented goals. Agencies developed their first annual performance plans in fiscal year 1999 and are required to issue plans annually thereafter to correspond with budget submissions to Congress.

Finally, GPRA requires agencies to measure performance toward the achievement of the goals in the annual performance plan and report annually on their progress in program performance reports. If a goal was not met, the report is to provide an explanation and present the actions needed to meet any unmet goals in the future. These reports are intended to provide important information to agency managers, policymakers, and the public on what each agency accomplished with the resources it was given. Agencies issued their first annual performance reports on their fiscal year 1999 performance in fiscal year 2000 and are required to issue a report on each subsequent performance plan.

The Office of Management and Budget (OMB) plays an important role in the management of federal government performance and specifically GPRA implementation. Part of OMB's overall mission is to ensure that agency plans and reports are consistent with the President's budget and administration policies. OMB is responsible for receiving and reviewing agencies' strategic plans, annual performance plans, and annual performance reports. To improve the quality and consistency of these documents, OMB issues annual guidance to agencies for their preparation,

including guidelines on format, required elements, and submission deadlines. GPRA requires OMB to prepare a governmentwide performance plan, based on agencies' annual performance plan submissions. OMB also played an important role in the pilot phase of GPRA implementation by designating agencies for pilot projects in performance measurement, managerial accountability and flexibility, and performance budgeting, and assessing the results of the pilots. Finally, GPRA provides OMB with authority to grant agencies waivers to certain administrative procedures and controls.

Recent OMB guidance—OMB Circular A-11, July 2003—requires agencies to submit “performance budgets” in lieu of annual performance plans for their fiscal year 2005 budget submission to OMB and Congress. According to OMB, performance budgets should satisfy all the statutory requirements of GPRA for annual performance plans. In addition, agencies are to include all performance goals used in the assessment of program performance done under OMB's Program Assessment Rating Tool (PART) process.<sup>3</sup> Moreover, the guidance states that until all programs have been assessed by PART, the performance budget will also for a time include performance goals for agency programs that have not yet been assessed using PART. The expectation is that agencies are to substitute new or revised performance goals resulting from OMB's review for goals it deemed unacceptable.

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## Results in Brief

Among the purposes of GPRA cited by Congress was to improve federal program effectiveness and service delivery by promoting a new focus on results, service quality, and customer satisfaction by setting program goals measuring performance against goals, and reporting publicly on progress. Furthermore, GPRA was to improve congressional decision making by providing more objective information on achieving objectives, and on the relative effectiveness and efficiency of federal programs and spending. Ten years after enactment, GPRA's requirements have laid a solid foundation of results-oriented agency planning, measurement, and reporting that have

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<sup>3</sup>PART is a diagnostic tool developed by OMB that it has been using to rate the effectiveness of federal programs with a particular focus on program results. OMB's goal is to review all federal programs over a 5-year period using the PART tool. OMB used the tool to review approximately 400 programs between the fiscal year 2004 budget cycle and the fiscal year 2005 budget cycle—234 programs were assessed last year and 173 were assessed this year. Some reassessed programs were combined for review for the 2005 budget, which is why the number of programs assessed over the 2 years does not add up to exactly 400 programs.

begun to address these purposes. Focus group participants and high-level political appointees, as well as OMB officials we interviewed, cited positive effects of GPRA that they generally attributed to GPRA's statutory requirements for planning and reporting. Performance planning and measurement have slowly yet increasingly become a part of agencies' cultures. The results of our stratified, random sample survey of federal managers indicate that since GPRA went into effect governmentwide in 1997, federal managers reported having significantly more of the types of performance measures called for by GPRA—particularly outcome-oriented performance measures. Survey data also suggested that more federal managers, especially at the Senior Executive Service (SES) level, believed that OMB was paying attention to their agencies' efforts under GPRA. GPRA has also begun to facilitate the linking of resources to results, although much remains to be done in this area.

Beginning with agencies' initial efforts to develop effective strategic plans in 1997 and annual performance plans and reports for fiscal year 1999, Congress, GAO, and others have commented on the quality of those efforts and provided constructive feedback on how agency plans and reports could be improved. According to our current review of the strategic plans, annual performance plans, and annual performance reports of six selected agencies, these documents reflect much of the feedback that was provided. For example, goals are more quantifiable and results oriented, and agencies are providing more information about goals and strategies to address performance and accountability challenges and the limitations to their performance data. However, certain serious weaknesses persist, such as lack of detail on how annual performance goals relate to strategic goals and how agencies are coordinating with other entities to address common challenges and achieve common objectives.

While a great deal of progress has been made in making federal agencies more results oriented, numerous challenges still exist. As we have noted before, top leadership commitment and sustained attention to achieving results, both within the agencies and at OMB, is essential to GPRA implementation. While one might expect an increase in agency leadership commitment since GPRA was implemented governmentwide beginning in fiscal year 1997, federal managers reported that such commitment has not significantly increased. Furthermore, although OMB has recently demonstrated leadership in its review of performance information from a budgetary perspective using the PART tool, it is unclear whether the results of those reviews, such as changes in program performance measures, will complement and be integrated with the long-term, strategic focus of GPRA.



OMB provided significantly less guidance on GPRA implementation for the fiscal year 2005 budget, compared to the very detailed guidance provided in prior years. Without consistent guidance from OMB on meeting GPRA requirements and following best practices, it may be difficult to maintain the improvements in agency performance plans and reports or bring about improvements in areas where weaknesses remain. The commitment of top leadership within agencies, OMB, and Congress is critical to the success of strategic planning efforts. However, GPRA specifies time frames for updating strategic plans that do not correspond to presidential or congressional terms. As a result, an agency may be required to update its strategic plan a year before a presidential election and without input from a new Congress. A strategic plan should reflect the policy priorities of an organization's leaders and the input of key stakeholders if it is to be an effective management tool.

Managers reported they had more performance measures, but indications that managers are making greater use of this information to improve performance are mixed. Additionally, managers reported several human capital-related challenges that impede results-oriented management, including a lack of authority and training to carry out GPRA requirements, as well as a lack of recognition for completing these tasks. Unfortunately, most existing federal performance appraisal systems are not designed to support a meaningful performance-based pay system in that they fail to link institutional, program, unit, and individual performance measurement and reward systems. Fewer than half of federal managers reported receiving relevant training in critical results-oriented management-related tasks. Managers also reported significant challenges persist in setting outcome-oriented goals, measuring performance, and collecting useful data. In some agencies, particularly those that have a research and development component, managers reported difficulties in establishing meaningful outcome measures. Managers also identified difficulties in distinguishing between the results produced by the federal program and results caused by external factors or nonfederal actors, such as with grant programs. Timely and useful performance information is not always available to federal agencies, making it more difficult to assess and report on progress achieved. Finally, agency officials believe that Congress could make greater use of performance information to conduct oversight and to inform appropriations decisions. GPRA provides a vehicle for Congress to explicitly state its performance expectations in outcome-oriented terms when establishing new programs or in exercising oversight of existing programs that are not achieving desired results.

Mission fragmentation and overlap contribute to difficulties in addressing crosscutting issues, particularly when those issues require a national focus, such as homeland security, drug control, and the environment. GPRA requires a governmentwide performance plan, where these issues could be addressed in a centralized fashion, but OMB has not issued a distinct plan since 1999. Most recently, the President's fiscal year 2004 budget focused on describing agencies' progress in addressing the President's Management Agenda (PMA) and the results of PART reviews of agency programs. Such information is important and useful, but is not adequate alone to provide a broader and more integrated perspective of planned performance on governmentwide outcomes. GAO has previously reported on a variety of barriers to interagency cooperation, such as conflicting agency missions, jurisdiction issues, and incompatible procedures, data, and processes. A strategic plan for the federal government, supported by a set of key national indicators to assess the government's performance, position, and progress, could provide an additional tool for governmentwide reexamination of existing programs, as well as proposals for new programs. Such a plan could be of particular value in linking agencies' long-term performance goals and objectives horizontally across the government. In addition, it could provide a basis for integrating, rather than merely coordinating, a wide array of federal activities.

To address these challenges, continued and sustained commitment and leadership are needed. OMB, as the primary focal point for overall management in the federal government, can provide this leadership and direction working with the various management councils and work groups of the government. Also, governmentwide planning could better facilitate the integration of federal activities to achieve national goals.

GAO recommends that the Director of OMB (1) fully implement GPRA's requirement to develop a governmentwide performance plan; (2) articulate and implement an integrated, complementary relationship between GPRA and PART; (3) provide clearer and consistent guidance to executive branch agencies on how to implement GPRA; (4) continue to maintain a dialogue with agencies about their performance measurement practices with a particular focus on grant-making, research and development, and regulatory functions to identify and replicate successful approaches agencies are using to measure and report on their outcomes, including the use of program evaluation tools; and, work with executive branch agencies to identify the barriers to obtaining timely data to show progress against performance goals and the best ways to report information when there are unavoidable lags in data availability; and (5) work with agencies to ensure

they are making adequate investments in training on performance planning and measurement, with a particular emphasis on how to use performance information to improve program performance.

We also suggest that Congress consider amending GPRA to require that updates to agency strategic plans be submitted at least once every 4 years, 12-18 months after a new administration begins its term. Additionally, consultations with congressional stakeholders on existing strategic plans should be held at least once every new Congress and revisions should be made as needed. Further, we suggest Congress use these consultations and its oversight role to clarify its performance expectations for agencies. Congress should also consider amending GPRA to require the President to develop a governmentwide strategic plan.

In commenting on a draft of this report, OMB generally agreed with our findings and conclusions. OMB agreed to implement most of our recommendations, but stated that the President's Budget represents the executive branch's governmentwide performance plan and could also serve as a governmentwide strategic plan. However, because of the budget's focus on agency-level expenditures for the upcoming fiscal year, we believe that the President's Budget provides neither a long-term nor an integrated perspective on the federal government's performance. OMB's comments appear in appendix VIII. Our response appears in chapter 5. We also provided relevant sections of the draft to the six agencies whose plans and reports we reviewed. DOE, HUD, and SSA disagreed with some of our observations, and we changed or clarified relevant sections of the report, as appropriate. Written comments from DOE, HUD, and SSA are reprinted in appendixes IX, X, and XI, respectively, along with our responses.

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## Principal Findings

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### GPRA Laid the Foundation for a More Results-Oriented Federal Government

Prior to enactment of GPRA, our 1992 review of the collection and use of performance data by federal agencies revealed that, although many agencies collected performance information at the program level, few agencies had results-oriented performance information to manage or make

strategic policy decisions for the agency as a whole.<sup>4</sup> GPRA addressed agencies' shortcomings by creating a comprehensive and consistent statutory foundation of required agencywide strategic plans, annual performance plans, and annual performance reports. Participants in eight focus groups comprised of experts on GPRA and federal managers from 23 agencies cited the creation of this statutory foundation as one of the key accomplishments of GPRA. One of the premises of GPRA is that both congressional and executive branch oversight of federal agency performance were seriously hampered by a lack of adequate results-oriented goals and performance information. As noted above, prior to the enactment of GPRA few agencies reported their performance information externally. OMB officials we interviewed as part of our current review suggested that OMB has been a key consumer of the performance information produced under GPRA and that it has provided a foundation for their efforts to oversee agency performance.

Federal managers' views of GPRA's effect on the federal government's ability to deliver results to the American public were mixed. When asked about the direct effects of GPRA on the public, 23 percent of the federal managers surveyed agreed to a moderate or greater extent that GPRA improved their agency's ability to deliver results to the American public. High-level political appointees we interviewed cited a number of examples of how the structure of GPRA created a greater focus on results in their agencies. Participants in our focus groups had mixed perceptions of GPRA's effect on their agency's ability to deliver results to the American public. Participants indicated GPRA has had a positive effect by shifting the focus of federal management from program activities and processes to achieving the intended results of those programs. Another major accomplishment of GPRA cited by focus group participants is that GPRA improved the transparency of government results to the American public. Other focus group participants had difficulty attributing the results their agencies achieved directly to GPRA's requirements.

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<sup>4</sup>U.S. General Accounting Office, *Program Performance Measures: Federal Agency Collection and Use of Performance Data*, GAO/GGD-92-65 (Washington, D.C.: May 4, 1992).

Focus group and survey results suggest that performance planning and measurement have slowly, but increasingly, become a part of agencies' cultures. Compared to the results of our 1997 governmentwide survey of federal managers, in our 2003 governmentwide survey more managers reported having performance measures for their programs. When we asked managers who said they had performance measures which of the five types of measures they had to a great or very great extent, they reported increases in all five types of measures between 1997 and 2003,<sup>5</sup> all of which were statistically significant.

Similarly, focus group participants commented on certain cultural changes that had taken place within their agencies since the passage of GPRA in which the "vocabulary" of performance planning and measurement—e.g., a greater focus on performance measurement, orientation toward outcomes over inputs and outputs, and an increased focus on program evaluation—had become more pervasive. This perception is partly born out by our survey results. Consistent with our survey results indicating increases in results-oriented performance measures, we also observed a significant decline in the percentage of federal managers who agreed that certain factors hindered measuring performance or using the performance information. Finally, our survey data suggested that more federal managers, especially at the SES level, believed that OMB was paying attention to their agencies' efforts under GPRA, but with no corresponding increase in their concern that OMB would micromanage the programs in their agencies.

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<sup>5</sup>Types of measures were defined in the questionnaire as follows: performance measures that tell us how many things we produce or services we provide (output measures); performance measures that tell us if we are operating efficiently (efficiency measures); performance measures that tell us whether or not we are satisfying our customers (customer service measures); performance measures that tell us about the quality of the products or services we provide (quality measures); and performance measures that would demonstrate to someone outside of our agency whether or not we are achieving our intended results (outcome measures).

Agencies have begun to establish a link between results and resources. Our 1998 assessment of fiscal year 1999 performance plans found that agencies generally covered the program activities in their budgets, but most plans did not identify how the funding for those program activities would be allocated to performance goals.<sup>6</sup> However, our subsequent reviews of performance plans indicate that agencies have made progress in demonstrating how their performance goals and objectives relate to program activities in the budget.

We reviewed a sample of six agencies' strategic plans (Education, DOE, HUD, DOT, SBA, and SSA) and found the quality of the selected plans reflected improvements over these agencies' initial strategic plans. Our 1997 review of agencies' draft strategic plans found that a significant amount of work remained to be done by executive branch agencies if their strategic plans were to fulfill the requirements of GPRA, serve as a basis for guiding agencies, and help congressional and other policymakers make decisions about agency activities and programs.<sup>7</sup> The six strategic plans we looked at for this 2003 review reflected many new and continuing strengths as well as improvements over the 1997 initial draft plans, but we continued to find certain persistent weaknesses. Of the six elements required by GPRA, the plans generally discussed all but one—program evaluation, an area in which we have found agencies often lack capacity. Although the strategic plans listed the program evaluations agencies intended to complete over the planning period, they generally did not address how the agencies planned to use their evaluations to establish new or revise existing strategic goals, as envisioned by GPRA. Finally, although not required by GPRA, the strategic plans would have benefited from more complete discussions of how agencies planned to coordinate and collaborate with other entities to address common challenges and achieve common or complementary goals and objectives.

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<sup>6</sup>U.S. General Accounting Office, *Managing for Results: An Agenda to Improve the Usefulness of Agencies' Annual Performance Plans*, GAO/GGD/AIMD-98-228 (Washington, D.C.: Sept. 8, 1998).

<sup>7</sup>U.S. General Accounting Office, *Managing for Results: Critical Issues for Improving Agencies' Strategic Plans*, GAO/GGD-97-180 (Washington, D.C.: Sept. 16, 1997).

The six selected agencies' fiscal year 2004 annual performance plans addressed some weaknesses of earlier plans, but there is still significant room for improvement. During our review of agencies' first annual performance plans, which presented agencies' annual performance goals for fiscal year 1999,<sup>8</sup> we found that substantial further development was needed for these plans to be useful in a significant way to congressional and other decision makers. Most of the 2004 plans that we reviewed showed meaningful improvements over the fiscal year 1999 plans by showing a clearer picture of intended performance, providing strategies and resources that were more specifically related to achieving agency goals, and providing a greater level of confidence that performance data would be credible. But these plans also contained a number of serious weaknesses, such as inadequate discussion of coordination and collaboration and inconsistent or limited discussions of procedures used to verify and validate performance data, which limited their quality and undermined their usefulness.

Our review of the six agencies' fiscal year 2002 performance reports showed a number of strengths and improvements over their fiscal year 1999 performance reports, as well as areas that needed improvement. As we found in our earlier reviews, the six agencies' fiscal year 2002 reports generally allowed for an assessment of progress made in achieving agency goals. In addition, the majority of agencies discussed the progress achieved in addressing performance and accountability challenges identified by agency inspectors general and GAO. However, as with the fiscal year 1999 reports, many of the weaknesses we identified in the agencies' fiscal year 2002 reports were related to the significant number of performance goals not achieved or for which performance data were unavailable. In addition, the majority of the reports we reviewed did not include other GPRA requirements, such as a summary of the findings from program evaluations. Finally, only one of the six agencies clearly linked its costs to the achievement of performance goals or objectives.

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## Challenges to GPRA Implementation Exist

While a great deal of progress has been made in making federal agencies more results oriented, numerous challenges still exist to effective implementation of GPRA. We observed in our 1997 report that we would expect to see managers' positive perceptions on items, such as the extent

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<sup>8</sup>GAO/GGD/AIMD-98-228.

to which top leadership is committed to achieving results, become more prevalent and the gap between SES and non-SES managers begin to narrow as GPRA and related reforms are implemented. However, these changes do not appear to be happening to the extent anticipated. The need for strong, committed, and sustained leadership extends to OMB as well. OMB has shown a commitment to improving the management of federal programs, both through its leadership in reviewing agency program performance using the PART tool as well as through the PMA. As part of the President's budget preparation, PART clearly must serve the President's interests. However, it is not well suited to addressing crosscutting (or horizontal) issues or to looking at broad program areas in which several programs address a common goal. GPRA was designed to address the needs of many users of performance information, including (1) Congress to provide oversight and inform funding decisions, (2) agency managers to manage programs and make internal resource decisions, and (3) the public to provide greater accountability. It is not yet clear the extent to which PART performance goals and measures will compete with agencies' long-term, strategic GPRA goals and objectives that were established in consultation with Congress and other stakeholders.

We also found that, while the quality of agency plans and reports have improved overall since their initial efforts, they continue to suffer from certain persistent weaknesses as noted above. However, OMB's July 2003 guidance for preparation and submission of annual performance plans is significantly shorter and less detailed than its 2002 guidance. Consistent, more explicit OMB guidance on preparing GPRA documents can help ensure that gains in the quality of GPRA documents are maintained and provide a resource for agency managers to make further improvements in those documents.

We also found that timing issues may affect the development of agency strategic plans that are meaningful and useful to top leadership. The commitment and sustained attention of top leadership within agencies, OMB, and Congress is critical to the success of strategic planning efforts. A strategic plan should reflect the policy priorities of an organization's leaders and the input of key stakeholders if it is to be an effective management tool. However, GPRA specifies time frames for updating strategic plans that do not correspond to presidential or congressional terms. As a result, an agency may be required to update its strategic plan a year before a presidential election and without input from a new Congress. If a new president is elected, the updated plan is essentially moot and agencies must spend additional time and effort revising it to reflect new



priorities. Our focus group participants, including GPRA experts, strongly agreed that this timing issue should be addressed by adjusting time frames to correspond better with presidential and congressional terms.

The benefit of collecting performance information is only fully realized when this information is actually used by managers to bring about desired results. However, federal managers reported mixed results in the use of performance information. Focus group participants and survey respondents noted that although many federal managers understand and use results-oriented management concepts in their day-to-day activities, such as strategic planning and performance measurement, they do not always connect these concepts to the requirements of GPRA. According to our 2003 survey results, the reported use of performance information to a great or very great extent for nine management activities, such as setting program priorities or setting individual job expectations for staff, ranging from 41 to 66 percent, has not changed significantly since our first survey in 1997. One exception was the reported use to a great or very great extent of performance information to adopt new program approaches or change work processes, which was significantly lower than the 1997 results. GPRA's usefulness to agency leaders and managers as a tool for management and accountability was cited as a key accomplishment numerous times by focus group participants. However, a number of alternative views indicated that the usefulness of GPRA as a management tool has been limited. Our survey data also indicate that managers' perceive their participation in activities related to the development and use of performance information has been limited.

Federal managers continue to confront a range of important human capital management challenges. These managers report that they are held accountable for program results, but may not have the decision-making authority they need to accomplish agency goals. Moreover, fewer than half of managers reported receiving relevant training. Managers also perceive a lack of positive recognition for helping agencies achieve results. Unfortunately, most existing federal performance appraisal systems are not designed to support a meaningful performance-based pay system in that they fail to link institutional, program, unit, and individual performance measurement and reward systems. In our view, one key need is to modernize performance management systems in executive agencies so that they link to the agency's strategic plan, related goals, and desired outcomes and are therefore capable of adequately supporting more performance-based pay and other personnel decisions.

Managers reported persistent challenges in setting outcome-oriented goals, measuring performance, and collecting useful data. Focus group participants and survey respondents noted that outcome-oriented performance measures were especially difficult to establish when the program or line of effort was not easily quantifiable. In some agencies, particularly those that have a research and development component, managers reported difficulties in establishing meaningful outcome measures. Managers also identified difficulties in distinguishing between the results produced by the federal program and results caused by external factors or nonfederal actors, such as with grant programs. Finally, managers reported that timely and useful performance information is not always available.

Crosscutting issues continue to be a challenge to GPRA implementation. Our review of six agencies' strategic and annual performance plans showed some improvement in addressing their crosscutting program efforts, but a great deal of improvement is still necessary. We have previously reported and testified that GPRA could provide OMB, agencies, and Congress with a structured framework for addressing crosscutting policy initiatives and program efforts. OMB could use the provision of GPRA that calls for OMB to develop a governmentwide performance plan to integrate expected agency-level performance. It could also be used to more clearly relate and address the contributions of alternative federal strategies. Unfortunately, this provision has not been fully implemented. Instead, OMB has used the President's Budget to present high-level information about agencies and certain program performance issues. The current agency-by-agency focus of the budget does not provide the integrated perspective of government performance envisioned by GPRA. For example, the fiscal year 2004 budget identified budget requests and performance objectives by agency, such as the U.S. Department of Defense, as opposed to crosscutting governmentwide themes. From this presentation, one could assume that the only activities the U.S. government planned to carry out in support of national defense were those listed under the chapter "Department of Defense." However, the chapter on the fiscal year 2004 budget discussing "the Department of State and International Assistance Programs," contains a heading titled, "Countering the Threat from Weapons of Mass Destruction." And while OMB may have a technical reason for not classifying this task as being related to national defense or homeland security, it is unclear that a lay reader could make that distinction. The fiscal year 2005 budget also identified budget requests and performance objectives by agency, not by crosscutting theme.

A strategic plan for the federal government could provide an additional tool for governmentwide reexamination of existing programs, as well as proposals for new programs. If fully developed, a governmentwide strategic plan could potentially provide a cohesive perspective on the long-term goals of the federal government and provide a much needed basis for fully integrating, rather than merely coordinating, a wide array of federal activities. Successful strategic planning requires the involvement of key stakeholders. Thus, it could serve as a mechanism for building consensus. Further, it could provide a vehicle for the President to articulate long-term goals and a road map for achieving them. In addition, a strategic plan could provide a more comprehensive framework for considering organizational changes and making resource decisions. The development of a set of key national indicators could be used as a basis to inform the development of governmentwide strategic and annual performance plans. The indicators could also link to and provide information to support outcome-oriented goals and objectives in agency-level strategic and annual performance plans.

Focus group members believed that one of the main challenges to GPRA implementation was the reluctance of Congress to use performance information when making decisions, especially appropriations decisions. However, less than one quarter of federal managers in the 2003 survey shared that concern. Further, a recent Congressional Research Service review suggests that Congress uses performance information to some extent, as evidenced by citations in legislation and committee reports. While there is concern regarding Congress' use of performance information, it is important to make sure that this information is useful. In other words, the information presented and its presentation must meet the needs of the user. Regular consultation with Congress about both the content and format of performance plans and reports is critical.

As a key user of performance information, Congress also needs to be considered a partner in shaping agency goals at the outset. GPRA provides a vehicle for Congress to explicitly state its performance expectations in outcome-oriented terms when consulting with agencies on their strategic plans or when establishing new programs or exercising oversight of existing programs that are not achieving desired results. This would provide important guidance to agencies that could then be incorporated in agency strategic and annual performance plans.

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## Recommendations for Executive Action

GAO recommends that the Director of OMB implement five suggestions to improve its guidance and oversight of GPRA implementation.

To provide a broader perspective and more cohesive picture of the federal government's goals and strategies to address issues that cut across executive branch agencies, we recommend that the Director of OMB fully implement GPRA's requirement to develop a governmentwide performance plan.

To achieve the greatest benefit from both GPRA and PART, we recommend that the Director of OMB articulate and implement an integrated and complementary relationship between the two. GPRA is a broad legislative framework that was designed to be consultative with Congress and other stakeholders, and allows for varying uses of performance information. PART looks through a particular lens for a particular use—the executive budget formulation process.

To improve the quality of agencies' strategic plans, annual performance plans, and performance reports and help agencies meet the requirements of GPRA, we recommend that the Director of OMB provide clearer and consistent guidance to executive branch agencies on how to implement GPRA. Such guidance should include standards for communicating key performance information in concise as well as longer formats to better meet the needs of external users who lack the time or expertise to analyze lengthy, detailed documents.

To help address agencies' performance measurement challenges, we recommend the Director of OMB engage in a continuing dialogue with agencies about their performance measurement practices with a particular focus on grant-making, research and development, and regulatory functions to identify and replicate successful approaches agencies are using to measure and report on their outcomes, including the use of program evaluation tools. Additionally, we recommend that the Director of OMB work with executive branch agencies to identify the barriers to obtaining timely data to show progress against performance goals and the best ways to report information where there are unavoidable lags in data availability. Governmentwide councils, such as the President's Management Council and the Chief Financial Officers Council, may be effective vehicles for working on these issues.

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To facilitate the transformation of agencies' management cultures to be more results oriented, we recommend that the Director of OMB work with agencies to ensure they are making adequate investments in training on performance planning and measurement, with a particular emphasis on how to use performance information to improve program performance.

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## Matters for Congressional Consideration

GAO also identified two matters for congressional consideration to improve the governmentwide focus on results.

To ensure that agency strategic plans more closely align with changes in the federal government leadership, Congress should consider amending GPRA to require that updates to agency strategic plans be submitted at least once every 4 years, 12-18 months after a new administration begins its term. Additionally, consultations with congressional stakeholders should be held at least once every new Congress and interim updates made to strategic and performance plans as warranted. Congress should consider using these consultations along with its traditional oversight role and legislation as opportunities to clarify its performance expectations for agencies. This process may provide an opportunity for Congress to develop a more structured oversight agenda.

To provide a framework to identify long-term goals and strategies to address issues that cut across federal agencies, Congress should consider amending GPRA to require the President to develop a governmentwide strategic plan.

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## Agency Comments

We provided a copy of the draft report to OMB for comment. OMB's written comments are reprinted in appendix VIII. In general, OMB agreed with our findings and conclusions. OMB agreed to implement most of our recommendations, noting that these recommendations will enhance their efforts to make the government more results oriented. OMB agreed to (1) work with agencies to ensure they are provided adequate training in performance management, (2) revise its guidance to clarify the integrated and complementary relationship between GPRA and PART, and (3) continue to use PART to improve agency performance measurement practices and share those practices across government.

In response to our recommendation that OMB fully implement GPRA's requirement to develop a governmentwide performance plan, OMB stated

that the President's Budget represents the executive branch's governmentwide performance plan. However, according to GAO's review, the agency-by-agency focus of the budget over the past few years does not provide an integrated perspective of government performance, and thus does not meet GPRAs requirement to provide a "single cohesive picture of the annual performance goals for the fiscal year." To clarify this point, we added an example that illustrates the lack of integration between crosscutting issues in the budget.

In response to our matter for congressional consideration that Congress should consider amending GPRAs to require the President to develop a governmentwide strategic plan, OMB noted that the budget serves as the governmentwide strategic plan. However, the President's Budget focuses on establishing agency budgets for the upcoming fiscal year. Unlike a strategic plan, it provides neither a long-term nor an integrated perspective on the federal government's activities. A governmentwide strategic plan should provide a cohesive perspective on the long-term goals of the federal government and provide a basis for fully integrating, rather than primarily coordinating, a wide array of existing and relatively short-term federal activities.

We provided relevant sections of the draft report to Education, DOE, HUD, SBA, SSA, and DOT. Education and SBA did not provide any comments, while DOT provided minor technical comments. DOE, HUD, and SSA disagreed with some of our observations on their strategic plans, performance plans, and performance reports; we changed or clarified relevant sections of the report, as appropriate. Written comments from DOE, HUD, and SSA are reprinted in appendixes IX, X, and XI, respectively, along with our responses.

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# Introduction

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From defending the homeland against terrorists, to preventing the spread of infectious diseases, to providing a reliable stream of social security income to retirees and supporting the transition from welfare to work, the federal government provides funding and services to the American public that can affect their lives in critical ways every day. However, the federal government is in a period of profound transition and faces an array of challenges and opportunities to enhance performance, ensure accountability, and position the nation for the future. A number of overarching trends, such as diffuse security threats and homeland security needs, increasing global interdependency, the shift to knowledge-based economies, and the looming fiscal challenges facing our nation, drive the need to reconsider the proper role for the federal government in the 21st century, how the government should do business (including how it should be structured), and in some instances, who should do the government's business.

Without effective short- and long-term planning, which takes into account the changing environment and needs of the American public and the challenges they face and establishes goals to be achieved, federal agencies risk delivering programs and services that may or may not meet society's most critical needs. At a cost to taxpayers of over \$2 trillion annually, the federal government should be able to demonstrate to the American public that it can anticipate emerging issues, develop sound strategies and plans to address them, and be accountable for the results that have been achieved.

Concerned that the federal government was more focused on program activities and processes than the results to be achieved, Congress passed the Government Performance and Results Act of 1993 (GPRA).<sup>1</sup> The act required federal agencies to develop strategic plans with long-term strategic goals, annual goals linked to achieving the long-term goals, and annual reports on the results achieved. Now that GPRA has been in effect for 10 years, you asked us to assess the effectiveness of GPRA in creating a focus on results in the federal government. Specifically, this report discusses (1) the effect of GPRA over the last 10 years in creating a governmentwide focus on results and the government's ability to deliver results to the American public, including an assessment of the changes in the overall quality of agencies' strategic plans, annual performance plans, and annual performance reports; (2) the challenges agencies face in

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<sup>1</sup>Pub. L. No. 103-62.

measuring performance and using performance information in management decisions; and (3) how the federal government can continue to shift toward a more results-oriented focus.

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## Impact of Emerging Trends and Fiscal Challenges

With the 21st century challenges we are facing, it is more vital than ever to maximize the performance of federal agencies in achieving their long-term goals. The federal government must address and adapt to major trends in our country and around the world. At the same time, our nation faces serious long-term fiscal challenges. Increased pressure also comes from world events: both from the recognition that we cannot consider ourselves “safe” between two oceans—which has increased demands for spending on homeland security—and from the United States (U.S.) role in combating terrorism in an increasingly interdependent world. To be able to assess federal agency performance and hold agency managers accountable for achieving their long-term goals, we need to know what the level of performance is. GPRA planning and reporting requirements can provide this essential information.

Our country’s transition into the 21st century is characterized by a number of key trends, including

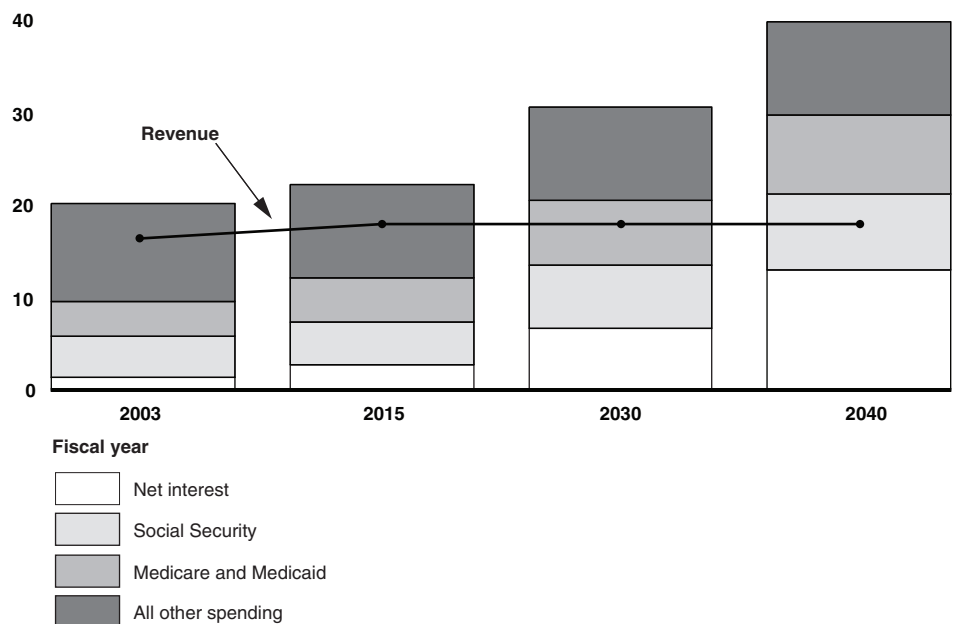
- the national and global response to terrorism and other threats to our personal and national security;
- the increasing interdependence of enterprises, economies, markets, civil societies, and national governments, commonly referred to as globalization;
- the shift to market-oriented, knowledge-based economies;
- an aging and more diverse U.S. population;
- rapid advances in science and technology and the opportunities and challenges created by these changes;
- challenges and opportunities to maintain and improve the quality of life for the nation, communities, families, and individuals; and
- the changing and increasingly diverse nature of governance structures and tools.



As the nation and government policymakers grapple with the challenges presented by these evolving trends, they do so in the context of rapidly building fiscal pressures. GAO’s long-range budget simulations show that this nation faces a large and growing structural deficit due primarily to known demographic trends and rising health care costs. The fiscal pressures created by the retirement of the baby boom generation and rising health costs threaten to overwhelm the nation’s fiscal future. As figure 1 shows, by 2040, absent reform or other major tax or spending policy changes, projected federal revenues will likely be insufficient to pay more than interest on publicly held debt. Further, our recent shift from surpluses to deficits means the nation is moving into the future in a more constrained fiscal position.

**Figure 1: Composition of Spending as a Share of GDP Assuming Discretionary Spending Grows with GDP after 2003 and All Expiring Tax Provisions Are Extended**

50 Percent of GDP



Source: GAO’s January 2004 analysis.

Notes: Although all expiring tax cuts are extended, revenue as a share of gross domestic product (GDP) increases through 2013 due to (1) real bracket creep, (2) more taxpayers becoming subject to the Alternative Minimum Tax, and (3) increased revenue from tax-deferred retirement accounts. After

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2013, revenue as a share of GDP is held constant. This simulation assumes that currently scheduled Social Security benefits are paid in full throughout the simulation period.

The United States has had a long-range budget deficit problem for a number of years, even during recent years in which we had significant annual budget surpluses. Unfortunately, the days of surpluses are gone, and our current and projected budget situation has worsened significantly. The bottom line is that our projected budget deficits are not manageable without significant changes in “status quo” programs, policies, processes, and operations.

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## GPRA Background

GPRA is the centerpiece of a statutory framework that Congress put in place during the 1990s to help resolve the long-standing management problems that have undermined the federal government’s efficiency and effectiveness and to provide greater accountability for results. In addition to GPRA, the framework comprises the Chief Financial Officers Act of 1990, as amended by the Government Management Reform Act of 1994, and information technology reform legislation, including the Paperwork Reduction Act of 1995 and the Clinger-Cohen Act of 1996. Together, these laws provide a powerful framework for developing and integrating information about agencies’ missions and strategic priorities, the results-oriented performance goals that flow from those priorities, performance data to show the level of achievement of those goals, and the relationship of reliable and audited financial information and information technology investments to the achievement of those goals.

GPRA was intended to address several broad purposes, including strengthening the confidence of the American people in their government; improving federal program effectiveness, accountability, and service delivery; and enhancing congressional decision making by providing more objective information on program performance.

The basic requirements of GPRA for the preparation of strategic plans, annual performance plans, and annual program performance reports by executive branch agencies are the following:

**1. The agency's strategic plan must contain these six key elements**

- a comprehensive agency mission statement;
- agencywide long-term goals and objectives for all major functions and operations;
- approaches (or strategies) and the various resources needed to achieve the goals and objectives;
- a description of the relationship between the long-term goals and objectives and the annual performance goals;
- an identification of key factors, external to the agency and beyond its control, that could significantly affect the achievement of the strategic goals; and
- a description of how program evaluations were used to establish or revise strategic goals and a schedule for future program evaluations.

**2. The agency must develop annual performance plans covering each program activity set forth in the agencies' budgets\***

Building on the decisions made as part of the strategic planning process, GPRA requires executive agencies to develop annual performance plans covering each program activity set forth in the agencies' budgets. Annual performance plans, covering the upcoming fiscal year, are to be submitted to Congress after the President's Budget is submitted, which generally occurs in February. Each plan is to contain an agency's annual performance goals and associated measures, which the agency is to use in order to gauge its progress toward accomplishing its strategic goals. OMB is to use the agencies' performance plans to develop an overall federal government performance plan that is to be submitted with the President's Budget. The performance plan for the federal government is to present to Congress a single cohesive picture of the federal government's annual performance goals for a given fiscal year.

**3. The agency must prepare annual reports on program performance for the previous fiscal year, to be issued by March 31 each year**

GPRA requires executive agencies to prepare annual reports on program performance for the previous fiscal year, to be issued by March 31 each year. In each report, an agency is to compare its performance against its goals, summarize the findings of program evaluations completed during the year, and describe the actions needed to address any unmet goals. Recent OMB guidance states that executive agencies must combine their program performance report with their accountability report and transmit the combined report for fiscal year 2003 by January 30, 2004, and the combined report for fiscal year 2004 by November 15, 2004.

\*Program activity refers to the lists of projects and activities in the appendix portion of the *Budget of the United States Government*. Program activity structures are intended to provide a meaningful representation of the operations financed by a specific budget account.

The Office of Management and Budget (OMB) plays an important role in the management of the federal government's performance, and specifically GPRA implementation. Part of OMB's overall mission is to ensure that agency plans and reports are consistent with the President's Budget and administration policies. OMB is responsible for receiving and reviewing agencies' strategic plans, annual performance plans, and annual performance reports. To improve the quality and consistency of these documents, OMB issues annual guidance to agencies for their preparation, including guidelines on format, required elements, and submission deadlines.<sup>2</sup> GPRA requires OMB to prepare the overall governmentwide performance plan, based on agencies' annual performance plan submissions. OMB also played an important role in the pilot phase of GPRA implementation by designating agencies for pilot projects in performance measurement, managerial accountability and flexibility, and performance budgeting, and assessing the results of the pilots. Finally, GPRA provides OMB with authority to grant agencies waivers to certain administrative procedures and controls.

Recent OMB guidance<sup>3</sup> requires agencies to submit "performance budgets" in lieu of annual performance plans for their budget submission to OMB and Congress. Performance budgets are to meet all the statutory requirements of GPRA for annual performance plans. In addition, agencies are to include all performance goals used in the assessment of program performance done under OMB's Program Assessment Rating Tool (PART) process.<sup>4</sup> Moreover, the guidance states that until all programs have been assessed by PART, the performance budget will also for a time include performance goals for agency programs that have not yet been assessed using PART. The expectation is that agencies are to substitute new or revised performance goals resulting from OMB's review for goals it deemed unacceptable.

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<sup>2</sup>The guidance on the preparation of strategic plans, annual performance plans, and program performance reports is contained in OMB Circular A-11, Part 6.

<sup>3</sup>OMB Circular A-11, July 2003.

<sup>4</sup>PART is a diagnostic tool developed by OMB that it has been using to rate the effectiveness of federal programs with a particular focus on program results. OMB's goal is to review all federal programs over a 5-year period using the PART tool. OMB used the tool to review approximately 400 programs between the fiscal year 2004 budget cycle and the fiscal year 2005 budget cycle—234 programs were assessed last year and 173 were assessed this year. Some reassessed programs were combined for review for the 2005 budget, which is why the number of programs assessed over the 2 years does not add up to exactly 400 programs.

In crafting GPRA, Congress recognized that managerial accountability for results is linked to managers having sufficient flexibility, discretion, and authority to accomplish desired results. GPRA authorizes agencies to apply for managerial flexibility waivers in their annual performance plans beginning with fiscal year 1999. The authority of agencies to request waivers of administrative procedural requirements and controls is intended to provide federal managers with more flexibility to structure agency systems to better support program goals. The nonstatutory requirements that OMB can waive under GPRA generally involve the allocation and use of resources, such as restrictions on shifting funds among items within a budget account. Agencies must report in their annual performance reports on the use and effectiveness of any GPRA managerial flexibility waivers that they receive.

OMB was to designate at least five agencies from the first set of pilot projects to test managerial accountability and flexibility during fiscal years 1995 and 1996. We previously reported on the results of the pilot project to implement managerial flexibility waivers and found that the pilot did not work as intended.<sup>5</sup> OMB did not designate any of the seven departments and one independent agency that submitted a total of 61 waiver proposals as GPRA managerial accountability and flexibility pilots. For about three-quarters of the waiver proposals, OMB or other central management agencies determined that the waivers were not allowable for statutory or other reasons or that the requirement for which the waivers were proposed no longer existed. For the remaining proposals, OMB or other central management agencies approved waivers or developed compromises by using authorities that were already available independent of GPRA.

Under GPRA, another set of pilot projects, which were scheduled for fiscal years 1998 and 1999, were to test performance budgeting—i.e., the presentation of the varying levels of performance that would result from different budget levels. We previously reported that OMB initially deferred these pilots—originally to be designated in fiscal years 1998 and 1999—to give federal agencies time to develop the capability of calculating the effects of marginal changes in cost or funding on performance.<sup>6</sup> When the

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<sup>5</sup>U.S. General Accounting Office, *GPRA: Managerial Accountability and Flexibility Pilot Did Not Work as Intended*, [GAO/GGD-97-36](#) (Washington, D.C.: Apr. 10, 1997).

<sup>6</sup>U.S. General Accounting Office, *Managing for Results: Agency Progress in Linking Performance Plans With Budgets and Financial Statements*, [GAO-02-236](#) (Washington, D.C.: Jan. 4, 2002).

pilots began in August 1999, OMB designed them as case studies prepared by OMB staff to demonstrate how performance information could be used to compare alternatives and to develop funding recommendations for incorporation into the President's fiscal year 2001 budget submission.

On January 18, 2001, OMB reported the results of five performance budgeting pilots that explored agencies' capabilities of more formally assessing the effects of different funding levels on performance goals. OMB selected the pilots to reflect a cross section of federal functions and capabilities so that a representative range of measurement and reporting issues could be explored. In its report, OMB concluded that legislative changes were not needed. OMB reported that the pilots demonstrated that assuring further performance measurement improvements and steadily expanding the scope and quality of performance measures is paramount, and that the existing statute provides sufficient latitude for such improvement.

Overall, OMB concluded that the pilots raised several key challenges about performance budgeting at the federal level including, for example, the following:

- In many instances, measuring the effects of marginal, annual budget changes on performance is not precise or meaningful.
- While continuing to change from an almost total reliance on output measures to outcome measures, it will be much more difficult to associate specific resource levels with those outcomes, particularly over short periods of time.
- Establishing clear linkages between funding and outcomes will vary by the nature of the program and the number of external factors.
- Delays in the availability of performance data, sometimes caused by agencies' reliance on nonfederal program partners for data collection, will continue to present synchronization problems during budget formulation.

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## Scope and Methodology

To meet the three objectives stated earlier, we reviewed our extensive prior work on GPRA best practices and implementation and collected governmentwide data to assess the government's overall focus on results. We conducted a random, stratified, governmentwide survey of federal managers comparable to surveys we conducted in 1997 and 2000. We also held eight in-depth focus groups—seven comprised of federal managers from 23 federal agencies and one with GPRA experts. We also interviewed top appointed officials from the current and previous administrations. Finally, we judgmentally selected a sample of six agencies to review for changes in the quality of their strategic plans, performance plans, and performance reports since their initial efforts. The agencies we selected were the Departments of Education (Education), Energy (DOE), Housing and Urban Development (HUD), and Transportation (DOT) and the Small Business (SBA) and Social Security Administrations (SSA). In making this selection, we chose agencies that collectively represented the full range of characteristics in the following four areas: (1) agency size (small, medium, large); (2) primary program types (direct service, research, regulatory, transfer payments, and contracts or grants); (3) quality of fiscal year 2000 performance plan based on our previous review (low, medium, high);<sup>7</sup> and (4) type of agency (cabinet department and independent agency). Appendix I contains a more detailed discussion of our scope and methodology.

We performed our work in Washington, D.C., from January through November 2003 in accordance with generally accepted government auditing standards. Major contributors to this report are listed in appendix XII.

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<sup>7</sup>GAO/GGD/AIMD-99-215. Based on how we had rated agencies' annual performance plans on their picture of performance, specificity of strategies and resources, and the degree of confidence that performance information will be credible, we assigned numeric values to each agencies' rating (e.g., clear=3, general=2, limited=1, unclear=0) and added them up to determine overall quality of high, medium, or low. An agency's plan was considered high quality if its score was between 7-9, a score of 5-6 was considered medium quality, and a score of 3-4 was low. No agencies received a score lower than 3.

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# GPRA Established the Foundation for a More Results-Oriented Federal Government

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Among the purposes of GPRA cited by Congress was to improve federal program effectiveness and service delivery by promoting a new focus on results, service quality, and customer satisfaction by setting program goals, measuring performance against goals, and reporting publicly on progress. Furthermore, GPRA was to improve congressional decision making by providing better information on achieving objectives, and on the relative effectiveness and efficiency of federal programs and spending. Ten years after enactment, GPRA's requirements have laid a foundation of results-oriented agency planning, measurement, and reporting that have begun to address these purposes. Focus group participants, high-level political appointees, and OMB officials we interviewed cited positive effects of GPRA that they generally attributed to GPRA's statutory requirements for planning and reporting. Our survey results indicate that since GPRA went into effect governmentwide in 1997, federal managers reported having significantly more of the types of performance measures called for by GPRA—particularly outcome-oriented performance measures. GPRA has also begun to facilitate the linking of resources to results, although much remains to be done in this area.

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## GPRA Statutory Requirements Laid a Foundation for Agencywide Results-Oriented Management

Prior to enactment of GPRA, our 1992 review of the collection and use of performance data by federal agencies revealed that, although many agencies collected performance information at the program level, few agencies had results-oriented performance information to manage or make strategic policy decisions for the agency as a whole.<sup>1</sup> Federal agencies surveyed indicated that many had a single, long-term plan that contained goals, standards, or objectives for the entire agency or program. Many of these agencies also reported they collected a wide variety of performance measures. However, in validating the survey responses with a sample of agencies, we found that measures were typically generated and used by program-level units within an agency and focused on measuring work activity levels and outputs or compliance with statutes. Little of this performance information was transparent to Congress, OMB, or the public and few of the agencies we visited used performance measures to manage toward long-term objectives. Few of the agencies surveyed had the infrastructure in place, such as a unified strategic plan with measurable goals, an office that collected performance measures, and regular consolidated reports, to tie plans and measures.

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<sup>1</sup>[GAO/GGD-92-65](#).



GPRA addressed these shortcomings by creating a comprehensive and consistent statutory foundation of required agencywide strategic plans, annual performance plans, and annual performance reports. In contrast to prior federal government efforts to measure performance, GPRA explicitly emphasized that, in addition to performance indicators that agencies may need to manage programs on a day-to-day basis, such as quantity, quality, timeliness, and cost, agencies also needed outcome-oriented goals and measures that assess the actual results, effects, or impact of a program or activity compared to its intended purpose.

Expert and agency focus group participants cited the creation of this statutory foundation as one of the key accomplishments of GPRA. Participants agreed that GPRA created a framework in statute for federal agencies to plan their activities in order to become more results oriented and provided a managerial tool for program accountability. Using this framework, agencies could develop and focus on strategies to carry out the programs they administer; set goals and identify performance indicators that will inform them whether or not they achieved the performance they expected; and determine what impact, if any, their programs have had on the American public. According to the experts in one of our focus groups, comparing federal agencies' current mission statements contained in their strategic plans to what they were in the past demonstrates that the agencies have done some "soul searching" to get a better sense of what their role is (or should be) and how they can achieve it. Given that GPRA is in statute, participants indicated that the use of this planning framework is likely to be sustained within agencies.

One of the premises of GPRA is that both congressional and executive branch oversight of federal agency performance were seriously hampered by a lack of adequate results-oriented goals and performance information. As noted above, prior to the enactment of GPRA few agencies reported their performance information externally. OMB officials we interviewed as part of our current review suggested that OMB has been a key consumer of the performance information produced under GPRA and that it has provided a foundation for their efforts to oversee agency performance.

For example, during the development of the fiscal year 2004 budget, OMB used PART to review and rate 234 federal programs. We recently reported that one of PART's major impacts was its ability to highlight OMB's recommended changes in program management and design.<sup>2</sup> PART reviews look at four elements—program purpose and design, strategic planning, program management, and program results/accountability—and rate the program on how well each of these elements is executed. However, without the foundation of missions, goals, strategies, performance measures, and performance information generated under GPRA, such oversight would be difficult to carry out.

Participants in most of our focus groups also agreed that GPRA has been a driving force behind many cultural changes that have occurred within federal agencies. Highlighting the focus on results, participants stated that GPRA had stimulated a problem-solving approach within federal agencies and encouraged agency managers to think creatively when developing performance indicators for their programs. GPRA has also changed the dialogue within federal agencies; front-line managers and staff at lower levels of the organization now discuss budget issues in connection with performance. Similarly, experts noted that information about performance management and resource investments are more frequently communicated between agency officials and Congress than in the past. Within agencies, GPRA documents can provide a context of missions, goals, and strategies that political appointees can use to articulate agencies' priorities.

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### Views on GPRA's Effect on the Federal Government's Ability to Deliver Results to the American Public Were Mixed

A key purpose of GPRA was "to improve the confidence of the American people in the capability of the Federal Government, by systematically holding Federal agencies accountable for achieving program results." When asked about the direct effects of GPRA on the public in our 2003 survey, an estimated 23 percent of federal managers agreed to a moderate or greater extent that GPRA improved their agency's ability to deliver results to the American public; a larger percentage—38 percent—chose a "no basis to judge/not applicable" category.

When a similar question was posed in our focus groups with experts and federal managers, participants' views were generally mixed. Some federal

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<sup>2</sup>U.S. General Accounting Office, *Performance Budgeting: Observations on the Use of OMB's Program Assessment Rating Tool for the Fiscal Year 2004 Budget*, [GAO-04-174](#) (Washington, D.C.: Jan. 30, 2004).

managers in our focus groups agreed that GPRA has had a positive effect on raising awareness on many performance issues, and that in and of itself is a way of delivering results. The information gathered and reported for GPRA allows agencies to make better-informed decisions, which improves their ability to achieve results. Other participants stated that while certain aspects of GPRA-related work have been positive, agencies' ability to deliver results and public awareness of their activities cannot always be exclusively attributed to GPRA. For example, some participants stated that many agencies rely on grant recipients to carry out their work, and delivering results to the American public depends, to a large extent, on the diligence of these organizations to implement their programs; such results would not change dramatically if GPRA were no longer a requirement.

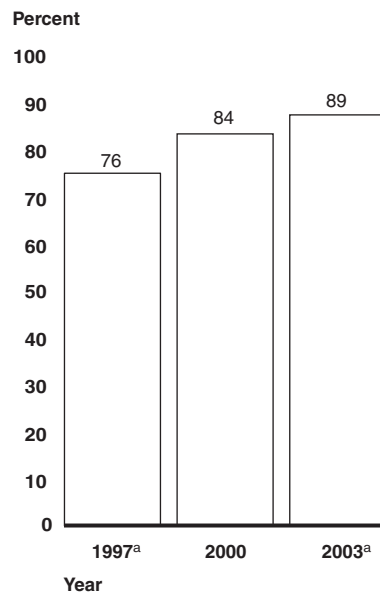
A number of the political appointees we interviewed cited examples of outcomes they believe would not have occurred without the structure of GPRA. For example, a former deputy secretary of the Department of Veterans Affairs (VA) stated that "the Results Act brought about a fundamental rethinking of how we managed our programs and processes. . . . We developed a strategic plan that was veteran-focused. . . . We made every effort to define program successes from the veteran's perspective." A former Chief Financial Officer (CFO) cited Customs Service goals to reduce the quantity of illegal drugs flowing into the United States and the Food and Drug Administration's focus on speeding up the approval of new drugs as examples of outcomes that can make a big difference in people's lives.

Another major accomplishment of GPRA cited by our focus group participants is that GPRA improved the transparency of government results to the American public. As noted above, prior to GPRA, few agencies reported performance results outside of their agencies. Focus group participants indicated a key accomplishment of GPRA was its value as a communication tool by increasing the transparency to the public of what their agencies did in terms the public could understand. For example, information on agencies' strategic plans, performance goals, measures, and results are easily obtainable from agency Web sites. One focus group participant commented that GPRA helps bureaucrats explain to nonbureaucrats what the federal government does in terms they can better understand. Other comments indicated that because of GPRA agencies could now tell Congress and the American public what they are getting for their money.

## More Managers Reported Having Performance Measures

A fundamental element in an organization's efforts to manage for results is its ability to set meaningful goals for performance and to measure performance against those goals. From our 2003 survey we estimate that 89 percent of federal managers overall said there were performance measures for the programs they were involved with. This is a statistically significantly higher percentage than the 76 percent of managers who answered yes to this item on our 1997 survey. (See fig. 2.)

**Figure 2: Percentage of Federal Managers Who Reported That There Were Performance Measures for the Programs with Which They Were Involved**



Source: GAO.

<sup>a</sup>There was a statistically significant difference between 1997 and 2003 surveys.

Moreover, when we asked managers who said they had performance measures which of five types of measures they had to a great or very great extent, they reported increases in all five types of measures between 1997 and 2003,<sup>3</sup> all of which were statistically significant. (See fig. 3.) Notably, managers indicated the existence of outcome measures, defined as “performance measures that demonstrate to someone outside the organization whether or not intended results are being achieved,” grew from a low of 32 percent in 1997 to the current estimate of 55 percent, a level that is on par with output measures for the first time since we began our survey.

**Figure 3: Percentage of Federal Managers Who Reported Having Specific Types of Performance Measures to a Great or Very Great Extent**



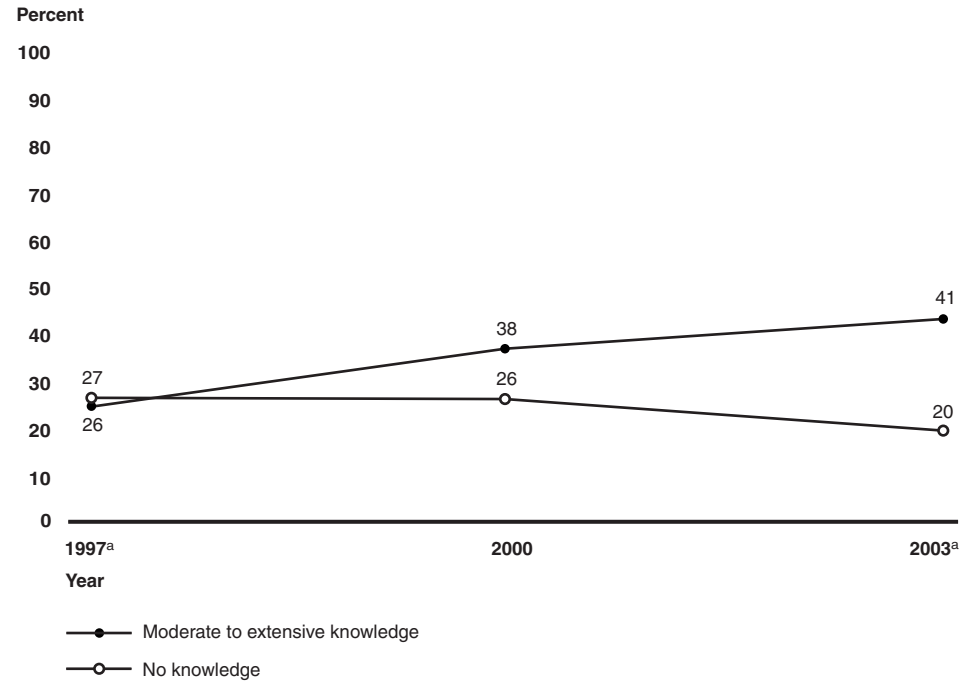
Source: GAO.

<sup>a</sup>There was a statistically significant difference between 1997 and 2003 surveys.

<sup>3</sup>Types of measures were defined in the questionnaire as follows: performance measures that tell us how many things we produce or services we provide (output measures); performance measures that tell us if we are operating efficiently (efficiency measures); performance measures that tell us whether or not we are satisfying our customers (customer service measures); performance measures that tell us about the quality of the products or services we provide (quality measures); and performance measures that would demonstrate to someone outside of our agency whether or not we are achieving our intended results (outcome measures).

Similarly, focus group participants commented on certain cultural changes that had taken place within their agencies since the passage of GPRA in which the “vocabulary” of performance planning and measurement—e.g., a greater focus on performance management; orientation toward outcomes over inputs and outputs; and an increased focus on program evaluation—had become more pervasive. This perception is partly born out by our survey results. Since 1997 those reporting a moderate to extensive knowledge of GPRA and its requirements shifted significantly from 26 percent to 41 percent in 2003, while those reporting no knowledge of GPRA declined significantly from 27 percent to 20 percent. (See fig. 4.)

**Figure 4: Percentage of Federal Managers Who Reported Their Awareness of GPRA**



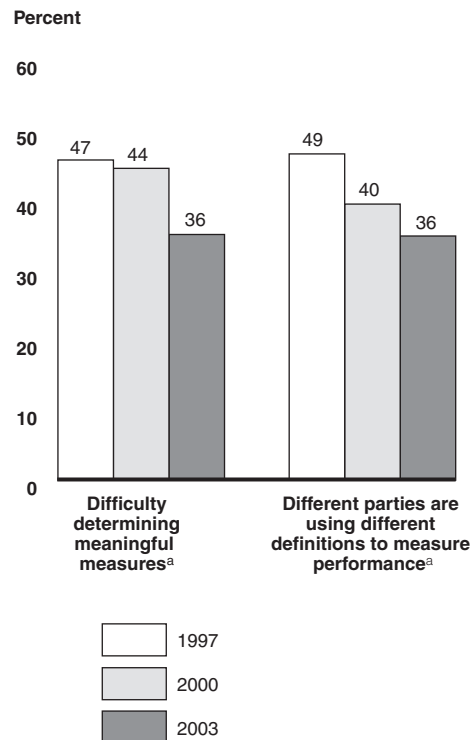
Source: GAO.

<sup>a</sup>There was a statistically significant difference between 1997 and 2003 surveys.

Consistent with our survey results indicating increases in results-oriented performance measures and increasing GPRA knowledge, we also observed a significant decline in the percentage of federal managers who agreed that certain factors hindered measuring performance or using the performance information. For example, as shown in figure 5, of those who expressed an

opinion, the percentage of managers who noted that determining meaningful measures was a hindrance to a great or very great extent was down significantly from 47 percent in 1997 to 36 percent in 2003. Likewise, the percentage that agreed to a great or very great extent that different parties are using different definitions to measure performance was a hindrance also declined significantly from 49 percent in 1997 to 36 percent in 2003.

**Figure 5: Percentage of Federal Managers Who Reported Hindrances to Measuring Performance or Using the Performance Information to a Great or Very Great Extent**



Source: GAO.

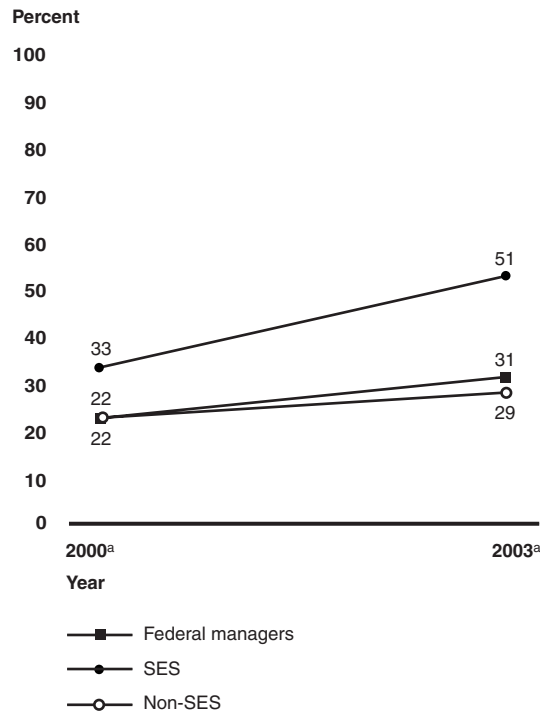
Note: Percentages are based on those respondents answering on the extent scale.

<sup>a</sup>There was a statistically significant difference between 1997 and 2003.

Finally, our survey data suggested that more federal managers, especially at the Senior Executive Service (SES) level, believed that OMB was paying attention to their agencies' efforts under GPRA. Moreover, there was no corresponding increase in their concern that OMB would micromanage the programs in their agencies. In our survey, we asked respondents to assess

the extent to which OMB pays attention to their agencies' efforts under GPRA. As seen in figure 6, in 2003, the percentage of respondents who responded "Great" or "Very Great" to this question (31 percent) was significantly higher than in 2000 (22 percent). Of those, SES respondents showed an even more dramatic increase, from 33 to 51 percent. We also asked respondents the extent to which their concern that OMB would micromanage programs in their agencies was a hindrance to measuring performance or using performance information. The percentage among those expressing an opinion that it was a hindrance to a great or very great extent was low—around 24 percent in 2003—with no significant difference between 2000 and 2003.

**Figure 6: Percentage of Federal Managers and SES Managers Who Reported That OMB Paid Attention to Their Agency's Efforts under GPRA to a Great or Very Great Extent**



Source: GAO.

<sup>a</sup>There was a statistically significant difference between 2000 and 2003 surveys.



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## GPRA Has Begun to Establish a Link between Resources and Results

Among its major purposes, GPRA aims for a closer and clearer linkage between requested resources and expected results. The general concept of linking performance information with budget requests is commonly known as performance budgeting. Budgeting is and will remain an exercise in political choice, in which performance can be one, but not necessarily the only, factor underlying decisions. However, efforts to infuse performance information into resource allocation decisions can more explicitly inform budget discussions and focus them—both in Congress and in agencies—on expected results, rather than on inputs.

GPRA established a basic foundation for performance budgeting by requiring that an agency's annual performance plan cover each program activity in the President's budget request for that agency. GPRA does not specify any level of detail or required components needed to achieve this coverage. Further, GPRA recognizes that agencies' program activity structures are often inconsistent across budget accounts and thus gives agencies the flexibility to consolidate, aggregate, or disaggregate program activities, so long as no major function or operation of the agency is omitted or minimized. In addition, OMB guidance has traditionally required agencies to display, by budget program activity, the funding level being applied to achieve performance goals. OMB's guidance on developing fiscal year 2005 performance budgets also encourages a greater link between performance and funding levels, however, it places greater emphasis on linking agencies' long-term and annual performance goals to individual programs. At a minimum, agencies are to align resources at the program level, but they are encouraged to align resources at the performance goal level. Resources requested for each program are to be the amounts needed to achieve program performance goal targets.

Our 1998 assessment of fiscal year 1999 performance plans found that agencies generally covered the program activities in their budgets, but most plans did not identify how the funding for those program activities would be allocated to performance goals.<sup>4</sup> However, our subsequent reviews of performance plans indicate that agencies have made progress in demonstrating how their performance goals and objectives relate to program activities in the budget.

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<sup>4</sup>[GAO/GGD/AIMD-98-228](#).

Over the first 4 years of agency efforts to implement GPRA, we observed that agencies continued to tighten the required link between their performance plans and budget requests.<sup>5</sup> Of the agencies we reviewed over this period, all but three met the basic requirement of GPRA to define a link between their performance plans and the program activities in their budget requests, and most of the agencies in our review had moved beyond this basic requirement to indicate some level of funding associated with expected performance described in the plan. Most importantly, more of the agencies we reviewed each year—almost 75 percent in fiscal year 2002 compared to 40 percent in fiscal year 1999—were able to show a direct link between expected performance and requested program activity funding levels—the first step in defining the performance consequences of budgetary decisions. However, we have also observed that the nature of these linkages varied considerably. Most of the agencies in our review of fiscal year 2002 performance plans associated funding requests with higher, more general levels of expected performance, rather than the more detailed “performance goals or sets of performance goals” suggested in OMB guidance.

Although not cited by our group of experts, participants at six of our seven focus groups with federal managers cited progress in this area as a key accomplishment of GPRA. However, the participants also commented that much remains to be done in this area. The comments ranged from the general—GPRA provides a framework for planning and budgeting, to the more specific—GPRA created a definition of programs and how they will help the agency achieve its goals/objectives and the amount of money that will be required to achieve said goals/objectives. One of the comments implied that GPRA has helped to prioritize agency efforts by helping agencies align their efforts with programs or activities that make a difference. A political appointee we interviewed echoed this comment, stating that GPRA was pushing the department to think about what it gets out of the budget, not just what it puts into it—12 to 15 years ago the “so what” was missing from the budget process. Another political appointee we interviewed stated that the department was in the process of tying its goals to its budget formulation and execution processes and linking program costs to departmental goals. A former political appointee

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<sup>5</sup>GAO-02-236; U.S. General Accounting Office, *Performance Budgeting: Initial Experiences Under the Results Act in Linking Plans With Budgets*, GAO/AIMD/GGD-99-67 (Washington, D.C.: Apr. 12, 1999); and *Performance Budgeting: Fiscal Year 2000 Progress in Linking Plans With Budgets*, GAO/AIMD-99-239R (Washington, D.C.: July 30, 1999).

discussed how his department used program performance information to inform a major information systems investment decision.

Furthermore, GAO case studies on the integration of performance information in budget decision making found that performance information has been used to inform the allocation of resources and for other management purposes at selected agencies. For example, the Veterans Health Administration provides its health care networks with performance information on patterns of patient care and patient health outcomes, which can be used to analyze resource allocation and costs and reallocate resources as appropriate.<sup>6</sup> Officials at the Administration for Children and Families said that training and technical assistance and salaries and expense funds are often allocated based on program and performance needs.<sup>7</sup> The Nuclear Regulatory Commission monitors performance against targets and makes resource adjustments, if needed, to achieve those targets.<sup>8</sup>

Although there has been progress in formally establishing the linkages between budgets and plans, our survey results are somewhat conflicting and have not reflected any notable changes either in managers' perceptions governmentwide as to their personal use of plans or performance information when allocating resources, or in their perceptions about the use of performance information when funding decisions are made about their programs. Our 2003 survey data show that a large majority of federal managers reported that they consider their agency's strategic goals when they are allocating resources. As shown in figure 7, on our 2003 survey, an estimated 70 percent of all federal managers agreed to a great or very great extent that they considered their agency's strategic goals when allocating resources. However, using our 1997 survey responses as a baseline, it was not a statistically significant increase over 64 percent of the managers who responded comparably then. As shown in figure 8, a similar, but somewhat

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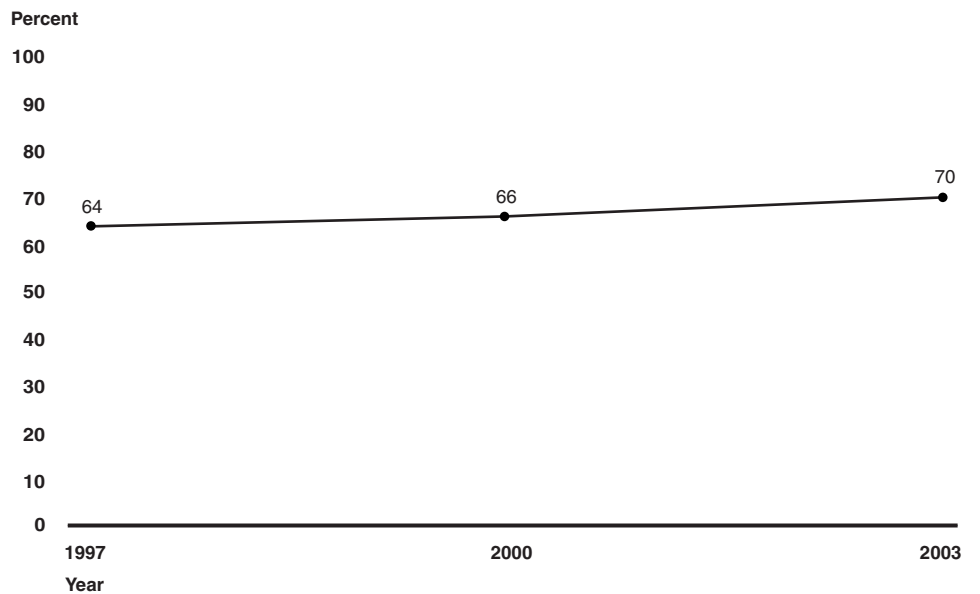
<sup>6</sup>U.S. General Accounting Office, *Managing for Results: Efforts to Strengthen the Link Between Resources and Results at the Veterans Health Administration*, [GAO-03-10](#) (Washington, D.C.: Dec. 10, 2002).

<sup>7</sup>U.S. General Accounting Office, *Managing for Results: Efforts to Strengthen the Link Between Resources and Results at the Administration for Children and Families*, [GAO-03-09](#) (Washington, D.C.: Dec. 10, 2002).

<sup>8</sup>U.S. General Accounting Office, *Managing for Results: Efforts to Strengthen the Link Between Resources and Results at the Nuclear Regulatory Commission*, [GAO-03-258](#) (Washington, D.C.: Dec. 10, 2002).

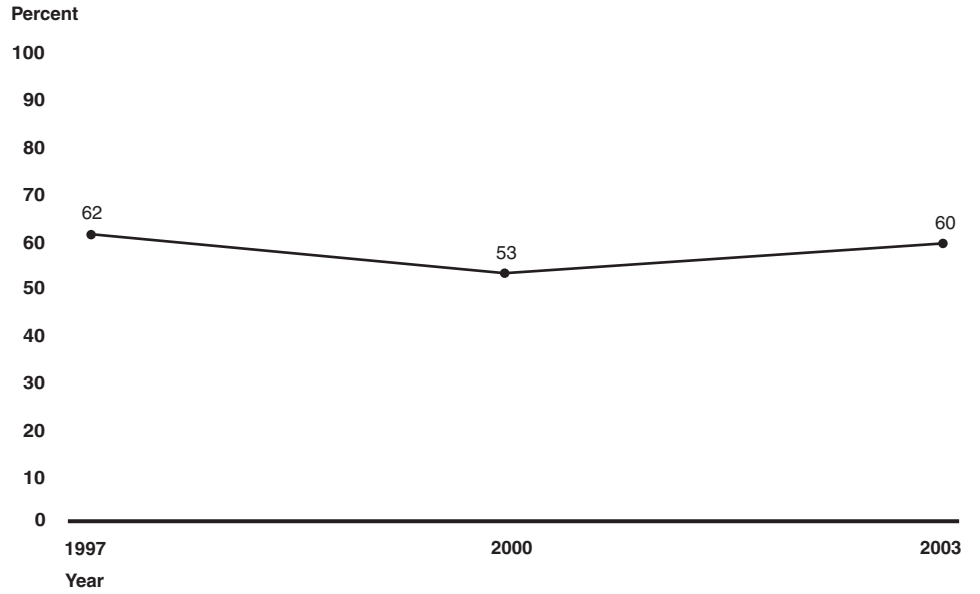
smaller, majority (60 percent) of managers who expressed an opinion on our 2003 survey agreed to a great or very great extent that they used information from performance measurement when they were involved in allocating resources. In 1997, the comparable response was about the same at 62 percent. When we asked managers on another item, however, about the extent to which they perceived funding decisions for their programs being based on results or outcome-oriented performance information, only 25 percent of federal managers in 2003 endorsed this view to a great or very great extent. In 1997, 20 percent of managers expressed a comparable view, again not a significant increase. (See fig. 9.)

**Figure 7: Percentage of Federal Managers Who Reported They Considered Strategic Goals to a Great or Very Great Extent When Allocating Resources**



Source: GAO.

**Figure 8: Percentage of Federal Managers Who Reported They Considered Performance Information to a Great or Very Great Extent When Allocating Resources**

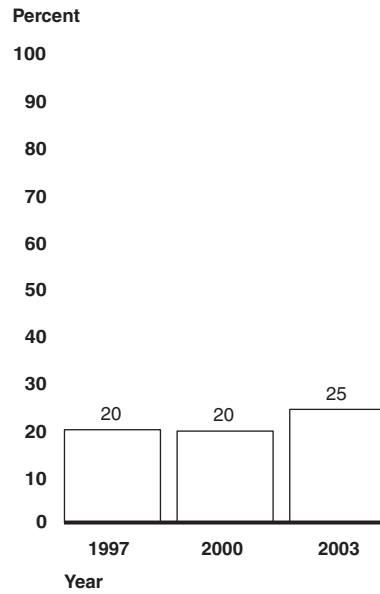


Source: GAO.

Note: Percentages are based on those respondents answering on the extent scale.

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**Figure 9: Percentage of Federal Managers Who Reported That Funding Decisions Were Based on Results or Outcome-Oriented Performance Information to a Great or Very Great Extent**



Source: GAO.

# Agencies Have Addressed Many Critical Performance Planning and Reporting Challenges, but Weaknesses Persist

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Beginning with federal agencies' initial efforts to develop effective strategic plans in 1997 and annual performance plans and reports for fiscal year 1999, Congress, GAO, and others have commented on the quality of those efforts and provided constructive feedback on how agency plans and reports could be improved. On the basis of our current review of the strategic plans, annual performance plans, and annual performance reports of six selected agencies—Education, DOE, HUD, DOT, SBA, and SSA—we found that these documents reflect much of the feedback that was provided. For example, goals were more quantifiable and results oriented, and agencies were providing more information about goals and strategies to address performance and accountability challenges and the limitations to their performance data. However, certain weaknesses, such as lack of detail on how annual performance goals relate to strategic goals and how agencies are coordinating with other entities to achieve common objectives, persist. A detailed discussion of our scope and methodology and the results of our reviews of the six agencies' most recent strategic plans, annual performance plans, and annual performance reports compared to initial efforts are contained in appendixes III, IV, and V, respectively.

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## Quality of Selected Strategic Plans Reflects Improvements over Initial Drafts

Under GPRA, strategic plans are the starting point and basic underpinning for results-oriented management. GPRA requires that an agency's strategic plan contain six key elements: (1) a comprehensive agency mission statement; (2) agencywide long-term goals and objectives for all major functions and operations; (3) approaches (or strategies) and the various resources needed to achieve the goals and objectives; (4) a description of the relationship between the long-term goals and objectives and the annual performance goals; (5) an identification of key factors, external to the agency and beyond its control, that could significantly affect the achievement of the strategic goals; and (6) a description of how program evaluations were used to establish or revise strategic goals and a schedule for future program evaluations.

Our 1997 review of agencies' draft strategic plans found that a significant amount of work remained to be done by executive branch agencies if their strategic plans were to fulfill the requirements of GPRA, serve as a basis for guiding agencies, and help congressional and other policymakers make decisions about activities and programs.<sup>1</sup> Our assessment of 27 agencies' initial draft strategic plans revealed several critical strategic planning issues that needed to be addressed. These planning issues were as follows:

- Most of the draft plans did not adequately link required elements in the plans, such as strategic goals to annual performance goals.
- Long-term strategic goals often tended to have weaknesses.
- Many agencies did not fully develop strategies explaining how their long-term strategic goals would be achieved.
- Most agencies did not reflect in their draft plans the identification and planned coordination of activities and programs that cut across multiple agencies.
- The draft strategic plans did not adequately address program evaluations.

We noted that Congress anticipated that it may take several planning cycles to perfect the process and that strategic plans would be continually refined as various planning cycles occur. We also recognized that developing a strategic plan is a dynamic process and that agencies, with input from OMB and Congress, were continuing to improve their plans.

Agencies have now had 6 years to refine their strategic planning processes. Although the six strategic plans we looked at for this review reflected many new and continuing strengths as well as improvements over the 1997 initial drafts, we continued to find certain persistent weaknesses. As depicted in table 1, of the six elements required by GPRA, the plans generally discussed all but one—program evaluation, an area in which we have found capacity is often lacking in federal agencies.<sup>2</sup> Although the strategic plans generally

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<sup>1</sup>GAO/GGD-97-180.

<sup>2</sup>U.S. General Accounting Office, *Managing for Results: Challenges Agencies Face in Producing Credible Performance Information*, GAO/GGD-00-52 (Washington, D.C.: Feb. 4, 2000).



**Chapter 3**  
**Agencies Have Addressed Many Critical**  
**Performance Planning and Reporting**  
**Challenges, but Weaknesses Persist**

listed the program evaluations agencies planned to complete over the planning period, they generally did not address how the agencies planned to use their evaluations to establish new or revise existing strategic goals, as envisioned by GPRA. Finally, although not required by GPRA, the strategic plans would have benefited from more complete discussions of how agencies planned to coordinate with other entities to address common challenges or achieve common or complementary goals. Appendix III provides a more detailed discussion of (1) the required and other useful elements we reviewed to assess strategic plan strengths and weaknesses and (2) changes in the quality of the six agencies' strategic plans we reviewed.

**Table 1: Agencies' Progress in Addressing Required Elements of Strategic Planning under GPRA**

Agency strategic plans	Plan year	Element included in agency strategic plan?					
		Mission statement	Long-term goals	Strategies	Relationship between long-term goals and annual goals	External factors	Evaluations
Department of Education	1997	X	X	X		X	X
	2002	X	X	X	X	X	
Department of Energy	1997	X	X	X			
	2003 <sup>a</sup>	X	X	X	X	X	
Department of Housing and Urban Development	1997		X				
	2003	X	X	X	X	X	
Small Business Administration	1997	X	X	X		X	
	2001 <sup>b</sup>	X	X	X	X	X	
Social Security Administration	1997	X	X	X	X	X	X
	2003	X	X	X	X	X	X
Department of Transportation	1997	X	X				X
	2003 <sup>a</sup>	X	X	X	X	X	

Sources: GAO analysis of agencies' strategic plans in effect at the time of our review. See also, U.S. General Accounting Office, *The Results Act: Observations on the Department of Education's June 1997 Draft Strategic Plan*, [GAO/HEHS-97-176R](#) (Washington, D.C.: July 18, 1997); *Results Act: Observations on DOE's Draft Strategic Plan*, [GAO/RCED-97-199R](#) (Washington, D.C.: July 11, 1997); *The Results Act: Observations on the Department of Transportation's Draft Strategic Plan*, [GAO/RCED-97-208R](#) (Washington, D.C.: July 30, 1997); *The Results Act: Observations on the Social Security Administration's June 1997 Draft Strategic Plan*, [GAO/HEHS-97-179R](#) (Washington, D.C.: July 22, 1997); *The Results Act: Observations on the Small Business Administration's Draft Strategic Plan*, [GAO/RCED-97-205R](#) (Washington, D.C.: July 11, 1997); and *The Results Act: Observations on the Department of Housing and Urban Development's Draft Strategic Plan*, [GAO/RCED-97-224R](#) (Washington, D.C.: Aug. 8, 1997).

<sup>a</sup>The 2003 plans for DOE and DOT were in draft form during the time of our review.

<sup>b</sup>At the time of our review, the most recent SBA strategic plan was for fiscal years 2001-2008. SBA released a new strategic plan for fiscal years 2003-2008 in October 2003.

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## Strategic Planning Strengths and Improvements from Initial Draft Plans

Consistent with our review of agencies' 1997 strategic plans, the recent strategic plans we reviewed generally contained mission statements that were results oriented, distinct from other agencies, and covered the agencies' major activities. DOT's mission statement had improved by reflecting additional language from its enabling legislation that we recommended adding during our 1997 review. Still improvement could be made in this area as is shown by DOE's mission statement. DOE's mission was results oriented but did not address the department's activities related to energy supply and conservation.

Our review of the current strategic plans also revealed improvements in the development of agencies' long-term, strategic goals—essential for results-oriented management. Although GPRA does not require that all of an agency's long-term, strategic goals be results oriented, the intent of GPRA is to have agencies focus their strategic goals on results to the extent feasible. In addition, as required by GPRA, the goals should be expressed in a manner that could be used to gauge success in the future and should cover an agency's major functions or activities. All of the strategic plans we reviewed contained long-term, strategic goals that demonstrated improvements in the quality of their 1997 goals. Agencies' long-term strategic goals generally covered their missions, were results oriented, and were expressed in a manner that could be used to gauge future success. For example, SBA improved the quality of its long-term goals by focusing more on key outcomes to be achieved and less on process improvements, as was the case in its 1997 plan. In some cases, we observed strategic goals that addressed the agency's organizational capacity to achieve results, such as SSA's long-term goal to strategically manage and align staff to support its mission.

We also found improvements in how agencies' current plans addressed performance and accountability challenges we had identified, a key weakness we identified in our earlier review. Each of the agency plans we reviewed discussed the long-term goals and strategies to address the challenges that we had identified. For example, Education's strategic plan contained a long-term strategic goal to modernize the Federal Student Assistance programs and address identified problems in this area, which we have designated as high risk since 1990.<sup>3</sup> SSA noted that it considered GAO-identified performance and accountability challenges when it determined its strategic goals and objectives, however not all of the challenges are clearly addressed in the plan.

A third area of improvement we observed was in the description of the strategies agencies planned to use to achieve their long-term strategic goals. In our review of agencies' 1997 draft strategic plans, we found that many agencies did not fully develop strategies explaining how their long-term strategic goals would be achieved. In contrast, all six of the current strategic plans we reviewed contained strategies that appeared logically linked to achieving the agencies' long-term goals.

Other strengths and improvements we observed in meeting GPRA's basic requirements involved the reporting of external factors that could affect the achievement of the long-term goals and the identification of crosscutting activities, although as indicated below these discussions could be improved. The six agencies reviewed for this report each reported on external factors in current strategic plans. For example, for each of the strategic objectives in DOT's strategic plan, DOT lists factors external to its control and how those factors could affect the achievement of its objectives. Although not a requirement, some of the better plans we reviewed discussed strategies to ameliorate the effect of external factors. For example, for an external factor on teacher certification under a goal on reading, Education's plan states that the agency "will work with the states and national accreditation bodies to encourage the incorporation of research-based reading instruction into teacher certification requirements."

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<sup>3</sup>Since 1990, GAO has periodically reported on government operations that it identifies as "high risk" because of the greater vulnerabilities to fraud, waste, abuse, and mismanagement. See U.S. General Accounting Office, *High-Risk Series: An Update*, [GAO-03-119](#) (Washington, D.C.: January 2003).

We have frequently reported that a focus on results, as envisioned by GPRA, implies that federal programs contributing to the same or similar results should be closely coordinated to ensure that goals are consistent and, as appropriate, program efforts are mutually reinforcing. This means that federal agencies are to look beyond their organizational boundaries and coordinate with other agencies to ensure that their efforts are aligned. During our 1997 review, we found that most agencies did not reflect in their draft plans the identification and planned coordination of activities and programs that cut across multiple agencies. In contrast, each of the six current agency strategic plans that we reviewed identified at least some activities and programs that cut across multiple agencies. For example, SBA's 1997 plan contained no evidence of how the agency coordinated with other agencies, but the current plan contained a separate section describing crosscutting issues in the areas of innovation and research assistance, international trade assistance, business development assistance, veterans affairs, and disaster assistance.

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### **Critical Strategic Planning Issues Needing Further Improvement**

First, consistent with our 1997 review, the strategic plans we reviewed did not adequately link required elements in the plans. Although all of the agencies we reviewed provided some information on the relationship between their long-term and annual goals, the extent of information provided on how annual goals would be used to measure progress in achieving the long-term goals varied greatly. In the case of DOE, the plan provides a very brief description of the overall relationship between its long-term and annual goals with examples, but does not demonstrate how it will assess progress for each of its long-term goals and objectives. Another plan, DOT's, refers the reader to the annual performance plan for information about annual goals. We have reported that this linkage is critical for determining whether an agency has a clear sense of how it will assess progress toward achieving its intended results.

Second, although the agencies' descriptions of their strategies had improved since our initial reviews, with few exceptions, their strategies generally did not include information on how the agencies plan to align their activities, core processes, human capital, and other resources to support their mission-critical outcomes and whether they have the right mix of activities, skills, and resources to achieve their goals. Such information is critical to understanding the viability of the strategies. Furthermore, none of the agencies discussed alternative strategies they had considered in developing their plans. Without such discussions, it is

unclear whether agency planning processes were truly strategic or simply a recasting of existing activities, processes, etc.

HUD was the only agency that provided any details of how it intended to coordinate with other agencies to achieve common or complementary goals for its crosscutting programs or activities. For example, to support its goal of “Equal Opportunity in Housing,” HUD’s plan states that HUD and the Department of Justice continue to coordinate their fair housing enforcement activities, especially with respect to responding quickly and effectively to Fair Housing Act complaints that involve criminal activity (e.g., hate crimes), a pattern and practice of housing discrimination, or the legality of state and local zoning or other land use laws or ordinances. We have reported that mission fragmentation and program overlap are widespread throughout the federal government.<sup>4</sup> As such, interagency coordination is important for ensuring that crosscutting programs are mutually reinforcing and efficiently implemented.

Finally, the draft strategic plans did not adequately address program evaluations. In combination with an agency’s performance measurement system, program evaluations can provide feedback to the agency on how well its activities and programs contributed to achieving strategic goals. For example, evaluations can be a potentially critical source of information for Congress and others in assessing (1) the appropriateness and reasonableness of goals; (2) the effectiveness of strategies by supplementing performance measurement data with impact evaluation studies; and (3) the implementation of programs, such as identifying the need for corrective action. Evaluations are important because they potentially can be critical sources of information for ensuring that goals are reasonable, strategies for achieving goals are effective, and that corrective actions are taken in program implementation. Five out of the six current plans that we reviewed included a discussion of program evaluations, however for most of these plans the discussions lacked critical information required by GPRA, such as a discussion of how evaluations were used to establish strategic goals or a schedule of future evaluations. For example, DOE’s plan stated that internal, GAO, and Inspector General (IG) evaluations were used as resources to develop its draft strategic plan, but specific program evaluations were not identified.

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<sup>4</sup>U.S. General Accounting Office, *Managing for Results: Using the Results Act to Address Mission Fragmentation and Program Overlap*, [GAO/AIMD-97-146](#) (Washington, D.C.: Aug. 29, 1997).

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## Fiscal Year 2004 Annual Performance Plans Addressed Some Weaknesses of Earlier Plans, but Still Have Room for Significant Improvement

According to our review of agencies' first annual performance plans, which presented agencies' annual performance goals for fiscal year 1999,<sup>5</sup> we found that substantial further development was needed for these plans to be useful in a significant way to congressional and other decision makers. Most of the fiscal year 1999 plans that we reviewed contained major weaknesses that undermined their usefulness in that they (1) did not consistently provide clear pictures of agencies' intended performance, (2) generally did not relate strategies and resources to performance, and (3) provided limited confidence that agencies' performance data will be sufficiently credible. Although all of the fiscal year 1999 plans contained valuable information for decision makers, their weaknesses caused their usefulness to vary considerably within and among plans.

As shown in table 2, our current review of agencies' fiscal year 2004 performance plans found that five agencies—Education, HUD, SBA, SSA, and DOT—improved their efforts to provide a clear picture of intended performance, with SSA and DOT being the clearest. Furthermore, the same five agencies improved the specificity of the strategies and resources they intended to use to achieve their performance goals, with DOT being the most specific. Finally, the same five agencies—Education, HUD, SBA, SSA, and DOT—made improvements in the area of greatest weakness—reporting on how they will ensure performance data will be credible. However, only DOT's plan provided a full level of confidence that the performance data the agency intended to collect would be credible. Appendix IV provides a more detailed discussion of (1) the required and other useful elements we reviewed to assess the clarity of the picture of intended performance, the specificity of the strategies and resources, and the level of confidence in the performance data and (2) changes in the quality of the six agencies' annual performance plans we reviewed.

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<sup>5</sup>GAO/GGD/AIMD-98-228.

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**Table 2: Characterizations of Agencies' Fiscal Year 1999 and 2004 Annual Performance Plans**

Agency	Picture of intended performance (unclear, limited, general, clear)		Strategies and resources (no, limited, general, specific)		Data credible (no, limited, general, full)	
	1999	2004	1999	2004	1999	2004
Department of Education	Limited	General	Limited	General	Limited	General
Department of Energy	Limited	Limited	General	General	Limited	Limited
Department of Housing and Urban Development	Limited	General	Limited	General	Limited	General
Small Business Administration	Limited	General	Limited	General	Limited	General
Social Security Administration	Limited	Clear	Limited	General	No	General
Department of Transportation	General	Clear	General	Specific	Limited	Full

Sources: GAO analysis of agencies' fiscal year 2004 annual performance plans and U.S. General Accounting Office, *Results Act: Observations on the Department of Education's Fiscal Year 1999 Annual Performance Plan*, [GAO/HEHS-98-172R](#) (Washington, D.C.: June 8, 1998); *Results Act: Observations on DOE's Annual Performance Plan for Fiscal Year 1999*, [GAO/RCED-98-194R](#) (Washington, D.C.: May 28, 1998); *Results Act: Observations on the Department of Housing and Urban Development's Fiscal Year 1999 Annual Performance Plan*, [GAO/RCED-98-159R](#) (Washington, D.C.: June 5, 1998); *Results Act: Observations on the Small Business Administration's Fiscal Year 1999 Annual Performance Plan*, [GAO/RCED-98-200R](#) (Washington, D.C.: May 28, 1998); *The Results Act: Observations on the Social Security Administration's Fiscal Year 1999 Annual Performance Plan*, [GAO/HEHS-98-178R](#) (Washington, D.C.: June 9, 1998); and *Results Act: Observations on the Department of Transportation's Annual Performance Plan for Fiscal Year 1999*, [GAO/RCED-98-180R](#) (Washington, D.C.: May 12, 1998).

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## Plans Generally Provided a Clearer Picture of Intended Performance, Except for Crosscutting Areas

At the most basic level, an annual performance plan is to provide a clear picture of intended performance across the agency. Such information is important to Congress, agency managers, and others for understanding what the agency is trying to achieve, identifying subsequent opportunities for improvement, and assigning accountability. Our current review of agencies' fiscal year 2004 performance plans found that five of the six agencies provided a clearer picture of intended performance than their fiscal year 1999 plans did, although only two of the 2004 plans—DOT's and SSA's—received the highest rating possible. As shown in table 2, except for DOT, the six agencies we reviewed for this report initially provided a limited picture of intended performance. Most of the fiscal year 1999 performance plans we previously reviewed had at least some objective, quantifiable, and measurable goals, but few plans consistently included a comprehensive set of goals that focused on the results that programs were intended to achieve. Moreover, agencies did not consistently follow OMB's guidance that goals for performance and accountability challenges be included in the plans. Agencies' plans generally showed how their missions and strategic goals were related to their annual performance goals and covered all of the program activities in the agencies' budget requests.<sup>6</sup> In addition, many agencies took the needed first step of identifying their crosscutting efforts, with some including helpful lists of other agencies with which they shared a responsibility for addressing similar national issues. However, the plans generally did not go further to describe how agencies expected to coordinate their efforts with other agencies.

The fiscal year 2004 plans improved the picture of performance by making annual goals and performance measures more results oriented, objective, and quantifiable. For example, Education's plan included a measure for the number of states meeting their eighth grade mathematics achievement targets under the long-term goal to improve mathematics and science achievement for all students. We previously criticized Education's 1999 plan for lacking such outcome-oriented measures. Another overall improvement we observed was that all of the plans described intended efforts to address performance and accountability challenges we and others had previously identified. For instance, to address the governmentwide high-risk area of strategic human capital management,

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<sup>6</sup>Program activity refers to the list of projects and activities in the appendix portion of the Budget of the United States Government. Program activity structures are intended to provide a meaningful representation of the operations financed by a specific budget account.



HUD states that to develop its staff capacity, it will complete a comprehensive workforce analysis in 2004 to serve as the basis to fill mission critical skill gaps through succession planning, hiring, and training initiatives in a 5-year human capital management strategy. The clarity of DOE's plan remained limited because its annual goals were not clearly linked to its mission, the long-term goals in its strategic plan, or the program activities in its budget request.

Although five of the six agencies improved the clarity of the picture of intended performance, improvement is still needed in reporting on crosscutting efforts. In both the 1999 and 2004 plans, many agencies identified their crosscutting efforts, with some including helpful lists of other agencies with which they shared a responsibility for addressing similar national issues. Our review of fiscal year 2004 plans shows that the six agencies we reviewed still did not discuss how they expected to coordinate with other agencies to address common challenges or to achieve common or complementary performance goals. As we have reported previously, improved reporting on crosscutting efforts can help Congress use the annual performance plan to evaluate whether the annual goals will put the agency on a path toward achieving its mission and long-term strategic goals. In addition, the plans can aid in determining efforts to reduce significant program overlap and fragmentation that can waste scarce resources, confuse and frustrate program customers, and limit overall program effectiveness.

None of the six agencies' plans indicated an intention to request waivers of specific administrative procedural requirements and controls that may be impeding an agencies' ability to achieve results. This provision of GPRA allows agencies greater managerial flexibility in exchange for accountability for results. We previously reported on the results of the pilot project to implement this provision of GPRA and found that the pilot did not work as intended.<sup>7</sup> OMB did not designate any of the seven departments and one independent agency that submitted a total of 61 waiver proposals as GPRA managerial accountability and flexibility pilots. For about three-quarters of the waiver proposals, OMB or other central management agencies determined that the waivers were not allowable for statutory or other reasons or that the requirement for which the waivers were proposed no longer existed. For the remaining proposals, OMB or other central management agencies approved waivers or developed

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<sup>7</sup>[GAO/GGD-97-36](#).

compromises by using authorities that were already available independent of GPRA.

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### **Plans More Specifically Related Strategies and Resources to Performance Goals**

To judge the reasonableness of an agency's proposed strategies and resources, congressional and other decision makers need complete information on how the proposed strategies and resources will contribute to the achievement of agency goals. Agencies generally improved their plans by better relating strategies and resources to performance. Education's, HUD's, SBA's, and SSA's 1999 plans had a limited discussion, while DOE's and DOT's 1999 plans had a general discussion. In 2004, five of the six plans—Education's, DOE's, HUD's, SBA's, and SSA's—provided general discussions of how their strategies and resources would contribute to achieving their performance goals. DOT's 2004 plan improved to include a specific discussion.

Our review of the 1999 plans found that most agencies' performance plans did not provide clear strategies that described how performance goals would be achieved. In contrast, the 2004 performance plans we reviewed generally provided lists of the agencies' current array of programs and initiatives. Several plans provided a perspective on how these programs and initiatives were necessary or helpful for achieving results. For example, DOE and HUD included in their plans a "means and strategies" section for each of their goals that described how the goal would be achieved. One strategy DOE identified to meet its goal of contributing unique, vital facilities to the biological environmental sciences was to conduct peer reviews of the facilities to assess the scientific output, user satisfaction, the overall cost-effectiveness of each facility's operations, and their ability to deliver the most advanced scientific capability.

In addition, each of the agencies' plans identified the external factors that could influence the degree to which goals are achieved. Some of the better plans, such as DOT's and SBA's, provided strategies to mitigate the negative factors or take advantage of positive factors, as appropriate. For example, for its transportation accessibility goals, DOT's plan states that as the population ages, more people will require accessible public transit, for which states and local agencies decide how best to allocate federally provided resources. One of the strategies DOT intends to employ to address this external factor is the "Special Needs of Elderly Individuals and Individuals with Disabilities" grant program. The plan states the grant program will help meet transportation needs of the elderly and persons

with disabilities when regular transportation services are unavailable, insufficient, or inappropriate to meet their needs.

Agencies' 2004 plans did not consistently describe all the resources needed and how they would be used to achieve agency goals. Our review of agencies' fiscal year 1999 plans found that most did not adequately describe—or reference other appropriate documents that describe—the capital, human, information, and financial resources needed to achieve their agencies' performance goals. The 2004 plans we reviewed generally described the funding levels needed to achieve their performance goals overall and in some cases broke out funding needs by high-level performance goal. For example, SSA's plan provides a general perspective on the financial resources needed to achieve its performance goals because it provides budget information by account and program activity. However, the plan is neither structured by budget program activity or account, nor does it provide a crosswalk between the strategic goals and budget program accounts. In contrast, HUD's plan presented its requested funding and staffing levels at the strategic goal level, but did not present budget information at the level of its annual goals. In addition, although the plans make brief mention of nonfinancial resources, such as human capital, information technology, or other capital investments, little information is provided on how such resources would be used to achieve performance goals.

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**Plans Continue to Provide  
Less Than Full Confidence  
That Performance Data Will  
Be Credible**

Credible performance information is essential for accurately assessing agencies' progress towards the achievement of their goals and, in cases where goals are not met, identifying opportunities for improvement or whether goals need to be adjusted. Under GPRA, agencies' annual performance plans are to describe the means that will be used to verify and validate performance data. To help improve the quality of agencies' performance data, Congress amended GPRA through the Reports Consolidation Act of 2000 to require that agencies assess the completeness and reliability of the performance data in their performance reports. Agencies were also required to discuss in their report any material inadequacies in the completeness and reliability of their performance data and discuss actions to address these inadequacies. Meeting these new requirements suggests the need for careful planning to ensure that agencies can comment accurately on the quality of the performance data they report to the public.

As shown in table 2, although five of the six agencies we reviewed improved in reporting how they plan to ensure that performance data will be credible, only one agency—DOT—improved enough over its 1999 plan to provide a full level of confidence in the credibility of its performance data. Four agencies—Education, HUD, SBA, and SSA—improved enough to provide a general level of confidence. However, DOE provided the same limited level of confidence in the credibility of the performance data as in its 1999 plan. Regarding all 24 of the fiscal year 1999 performance plans we reviewed, we found most provided only superficial descriptions of procedures that agencies intended to use to verify and validate performance data. Moreover, in general, agencies' performance plans did not include discussions of documented limitations in financial and other information systems that may undermine efforts to produce high-quality data. As we have previously noted, without such information, and strategies to address those limitations, Congress and other decision makers cannot assess the validity and reliability of performance information.

We found that each of the 2004 plans we reviewed contained some discussion of the procedures the agencies would use to verify and validate performance information, although in some cases the discussion was inconsistent or limited. For example, the discussions of SBA's verification and validation processes for its indicators in the 2004 plan were generally one- or two-sentence statements. SBA also noted that it does not independently verify some of the external data it gathers or that it does not have access to the data for this purpose. In contrast, the DOT plan referred to a separate compendium available on-line that provides source and accuracy statements, which give more detail on the methods used to collect performance data, sources of variation and bias in the data, and methods used to verify and validate the data.

In addition, all of the agencies except DOE discussed known limitations to performance data in their plans. These agencies' plans generally provided information about the quality of each performance measure, including any limitations. According to DOE officials, DOE's plan generally does not discuss data limitations because the department selected goals for which data are expected to be available and therefore did not anticipate finding any limitations. However, in our 2003 Performance and Accountability Series report on DOE, we identified several performance and accountability challenges where data were a concern, such as the need for additional information on the results of contractors' performance to keep projects on schedule and within budget.<sup>8</sup> DOE's contract management continues to be a significant challenge for the department and remains at high risk.

Finally, the remaining five agencies also discussed plans to address limitations to the performance data. For example, DOT's plan provided a general discussion of the limitations to the internal and external sources of data used to measure performance. Detailed discussions were contained in an appendix to the plan and separate source and accuracy statements. This information had been lacking in its 1999 plan. Education, HUD, SBA, and SSA also provided information on limitations to their performance data and plans for improvement.

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## **Strengths and Weaknesses of Selected Agencies' Fiscal Year 2002 Annual Performance Reports**

Key to improving accountability for results as Congress intended under GPRA, annual performance reports are to document the results agencies have achieved compared to the goals they established. To be useful for oversight and accountability purposes, the reports should clearly communicate performance results, provide explanations for any unmet goals as well as actions needed to address them, and discuss known data limitations as well as how the limitations are to be addressed in the future. Compared to our reviews of the six agencies' fiscal year 1999 performance reports, we identified a number of strengths and improvements as well as areas that continued to need improvement. Because the scope of our review of the fiscal year 2002 reports was broader than that for the fiscal year 1999 reports we previously reviewed, we were unable to make specific comparisons for the three characteristics we used to assess the fiscal year 2002 reports. However, we discuss comparative information on aspects of

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<sup>8</sup>U.S. General Accounting Office, *Major Management Challenges and Program Risks: Department of Energy*, [GAO-03-100](#) (Washington, D.C.: January 2003).

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the reports where available. Table 3 shows the results of our assessment of the six agencies' annual performance reports for fiscal year 2002. Appendix V provides a more detailed discussion of (1) the required and other useful elements we reviewed to assess the clarity of the picture of performance, the clarity of the linkage between costs and performance, and the level of confidence in the performance data and (2) changes in the quality of the six agencies' annual performance plans we reviewed.

**Table 3: Characterizations of Agencies' 2002 Annual Performance Reports**

<b>Agency</b>	<b>Picture of performance (unclear, limited, general, clear)</b>	<b>Resources linked to results (no, limited, general, clear)</b>	<b>Data credible (no, limited, general, full)</b>
Department of Education	Limited	Clear	General
Department of Energy	General	Limited	Limited
Department of Housing and Urban Development	General	No	General
Small Business Administration	Limited	General	General
Social Security Administration	General	Limited	General
Department of Transportation	General	No	Full

Sources: GAO analysis of agencies' fiscal year 2002 annual performance reports and U.S. General Accounting Office, *Observations on the Department of Education's Fiscal Year 1999 Performance Report and Fiscal Year 2001 Performance Plan*, [GAO/HEHS-00-128R](#) (Washington, D.C.: June 30, 2000); *Observations on the Department of Energy's Fiscal Year 1999 Accountability Report and Fiscal Years 2000 and 2001 Performance Plans*, [GAO/RCED-00-209R](#) (Washington, D.C.: June 30, 2000); *Observations on the Department of Housing and Urban Development's Fiscal Year 1999 Performance Report and Fiscal Year 2001 Performance Plan*, [GAO/RCED-00-211R](#) (Washington, D.C.: June 30, 2000); *Observations on the Small Business Administration's Fiscal Year 1999 Performance Report and Fiscal Year 2001 Performance Plan*, [GAO/RCED-00-207R](#) (Washington, D.C.: June 30, 2000); *Observations on the Social Security Administration's Fiscal Year 1999 Performance Report and Fiscal Year 2001 Performance Plan*, [GAO/HEHS-00-126R](#) (Washington, D.C.: June 30, 2000); and *Observations on the Department of Transportation's Fiscal Year 1999 Performance Report and Fiscal Year 2001 Performance Plan*, [GAO/RCED-00-201R](#) (Washington, D.C.: June 30, 2000).

**Progress in Providing a Clear Picture of Performance**

The six agency reports that we reviewed contained a number of strengths, some of which we can describe as improvements over the reports on fiscal year 1999 performance. A key strength of four of the 2002 reports (Education, HUD, DOT, SSA) was a discussion of the relationship between the strategic plan, performance plan, and performance report. For example, SSA's report identified relevant results that were linked to its strategic objective to deliver "citizen-centered, world-class service," such as maintaining the accuracy, timeliness, and efficiency of service to people applying for its benefit programs. The clarity of the DOE and SBA reports

was limited by not clearly relating agency performance results to strategic and annual performance goals. For example, the structure of SBA's report reflected the objectives in its draft 2003 to 2008 strategic plan rather than those in its 2002 performance plan, making it difficult to assess progress against the original 2002 objectives. Furthermore, although there is no "right" number of performance measures to be used to assess progress, a number of the plans allowed for an easier review of results by limiting the overall number of measures presented or by highlighting key performance measures of greatest significance to their programs. For example, SBA discussed a total of 19 performance goals and DOT discussed a total of 40. Although SSA discussed a total of 69 performance goals, the report highlighted its progress in achieving 14 key goals. In contrast, Education, HUD, and DOE presented a total of 120, 184, and 260 measures, respectively. Furthermore, while Education and SSA each provided a table showing progress across all its measures, the other agencies did not provide such summary information.

As we found in our earlier reviews, the six agencies' fiscal year 2002 reports generally allowed for an assessment of progress made in achieving agency goals. Some of the reports made this assessment easier than others by providing easy-to-read summary information. For example, SSA provided a table at the beginning of the report that summarized the results for each of its 69 indicators with the following dispositions: met, not met, almost met, and data not yet available. Other reports, such as HUD's, required an extensive review to make this assessment. In addition, to place current performance in context, each of the agencies' reports contained trend information, as required by GPRA, which allowed for comparisons between current year and prior year performance.

In addition, the majority of agencies maintained, or demonstrated improvements over, the quality of their 1999 reports in discussing the progress achieved in addressing performance and accountability challenges identified by agency IGs and GAO. For example, SBA's report contained two broad overviews and an appendix describing the status of GAO audits and recommendations, as well as a description of the most serious management challenges SBA faces as identified by the agency's IG.

Unfortunately, many of the weaknesses we identified in the agencies' fiscal year 2002 reports were similar to those we found in their fiscal year 1999 reports related to the significant number of performance goals (1) which were not achieved and lacked explanations or plans for achieving the goal in the future and (2) for which performance data were unavailable. Three

of the six agencies we reviewed—HUD, SSA, and Transportation—did not consistently report the reasons for not meeting their goals. For example, Transportation provided explanations for only 5 of the 14 goals it did not meet. In addition, similar to our 1999 report findings, three of the six agencies we reviewed—HUD, SBA, and DOT—did not discuss their plans or strategies to achieve unmet goals in the future. For example, HUD reported “substantially meeting” only 47 percent of the performance targets in fiscal year 2002. However, although HUD provides various reasons for not meeting all its targets, it offers no information on plans or time frames to achieve the goals in the future. Finally, we continued to observe a significant number of goals for which performance data were unavailable. For example, performance data for 10 of SBA’s 19 performance goals were unavailable.

In addition, the majority of the reports we reviewed did not include other GPRA requirements. The reports generally did not evaluate the performance plan for the current year relative to the performance achieved toward the performance goals in the fiscal year covered by the report. The reports also did not discuss the use or effectiveness of any waivers in achieving performance goals. In addition, for two of the agencies—DOE and SBA—program evaluation findings completed during the fiscal year were not summarized. As we have previously noted, such evaluations could help agencies understand the relationship between their activities and the results they hope to achieve.



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## Progress in Linking Resources to Results

Although linking costs to performance goals is not a requirement of GPRA, both GPRA and the CFO Act emphasized the importance of linking program performance information with financial information as a key feature of sound management and an important element in presenting to the public a useful and informative perspective on federal spending. The committee report for GPRA suggested that developing the capacity to relate the level of program activity with program costs, such as cost per unit of result, cost per unit of service, or cost per unit of output, should be a high priority. In our survey of federal managers, this year we asked for the first time the extent to which federal managers had measures of cost-effectiveness for the programs they were involved with. Only 31 percent of federal managers we surveyed reported having such measures to a great or very great extent, lower than any of the other types of measures associated with GPRA we asked about by at least 12 percent (see fig. 3 in ch. 2). Under the PMA, the current administration has set an ambitious agenda for performance budgeting, calling for agencies to better align budgets with performance goals and focus on capturing full budgetary costs and matching those costs with output and outcome goals. All this suggests that agencies will need to develop integrated financial and performance management systems that will enable the reporting of the actual costs associated with performance goals and objectives along with presentations designed to meet other budgetary or financial purposes, such as the accounts and program activities found in the President's Budget and responsibility segments found in financial statements.<sup>9</sup>

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<sup>9</sup>According to OMB's *Statement of Federal Financial Accounting Standards No. 4—Managerial Cost Accounting Standards*, July 31, 1995, a responsibility segment is a component of a reporting entity that is responsible for carrying out a mission, conducting a major line of activity, or producing one or a group of related products or services. In addition, responsibility segments usually possess the following characteristics: (1) their managers report to the entity's top management directly and (2) their resources and results of operations can be clearly distinguished from those of other segments of the entity. Managerial cost accounting should be performed to measure and report the costs of each segment's outputs.

Of the six agencies we reviewed, only Education’s report clearly linked its budgetary information to the achievement of its performance goals or objectives. Education’s report laid out, using both graphics and text, the estimated appropriations associated with achieving each of its 24 objectives. In addition the report provided the staffing in full-time equivalent employment (FTEs) and an estimate of the funds from salaries and expenses contributing to the support of each of these objectives. SBA’s report contained crosswalks that showed the relationship between SBA’s strategic goals, outcome goals, performance goals, and programs. Because SBA shows the resources for each program, a reader can infer a relationship between SBA’s resources and performance goals. However, the linkage between resources and results would be clearer if results and resources were presented by performance goal as well. SSA provided a limited view of the costs of achieving its performance goals by providing the costs associated with four out of five of its strategic goals.<sup>10</sup> However, as reported by the IG, SSA needs to further develop its cost accounting system, which would help link costs to performance.<sup>11</sup> DOE also provided a limited view of the costs of achieving its performance goals by organizing its performance information by budget program activity and associated net costs. According to DOE officials, the department plans to link its individual performance measures to the costs of program activities in future reports. Neither HUD nor DOT provided information on the cost of achieving individual performance goals or objectives.

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**Progress in Providing**  
**Confidence in the**  
**Credibility of Performance**  
**Data**

To assess the degree to which an agency’s report provided full confidence that the agency’s performance information was credible, we examined the extent to which the reports discussed the quality of the data presented. As shown in table 3, only DOT’s report provided a full level of confidence in the quality of the data. The other agencies provided general or limited confidence in their data.

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<sup>10</sup>SSA noted that its fifth strategic goal, “Valued Employees,” supports the accomplishment of all its basic functions, so its resources are inherently included in the other four goals.

<sup>11</sup>According to the IG, SSA began to implement an improved cost accounting system in fiscal year 2002, which was to be phased in over the next 3 to 4 years.

All six agencies in our current review complied with the Reports Consolidation Act of 2000 by including assessments of the completeness and reliability of their performance data in their transmittal letters. In contrast, we found that only 5 of the 24 CFO Act agencies included this information in their fiscal year 2000 performance reports.<sup>12</sup> Of the six agencies in our current review, only DOE provided this assessment in its fiscal year 2000 report. For example, the Secretary of DOT stated in the transmittal letter that the 2002 report “contains performance and financial data that are substantially complete and reliable.” However, only two of the six agencies also disclosed material inadequacies in the completeness and reliability of their performance data and discussed actions to address the inadequacies in their transmittal letters. For example, SBA stated in its transmittal letter that it is “working to improve the completeness and reliability of the performance data for the advice provided to small business through SBA’s resource partners.” SBA explained that data for this aspect of its performance are collected through surveys, which are inconsistent and not comparable, and for which client responses are difficult to obtain. SBA stated that it is working to improve the survey instruments it uses to obtain performance data.

In addition to the requirements of the Reports Consolidation Act, we have previously reported on other practices that enhance the credibility of performance data that are not specifically required by GPRA. For instance, discussions of standards and methods used by agencies to assess the quality of their performance data in their performance reports provide decision makers greater insight into the quality and value of the performance data. None of the reports explicitly referred to a specific standard they used, however, DOE described its method for assuring data quality. The report states that the heads of DOE’s organizational elements certified the accuracy of their performance data. DOE subsequently reviewed the data for quality and completeness.

Other useful practices that help foster transparency to the public and assist decision makers in understanding the quality of an agency’s data include: (1) discussion of data quality, including known data limitations and actions to address the limitations, and (2) discussion of data verification and

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<sup>12</sup>U.S. General Accounting Office, *Performance Reporting: Few Agencies Reported on the Completeness and Reliability of Performance Data*, [GAO-02-372](#) (Washington, D.C.: Apr. 26, 2002).

validation procedures, including proposals to review data collection and verification and validation procedures.

All six agencies' reports described data limitations, although discussions were mostly brief and very high level. One exception was DOT, which directed readers to the DOT Web site to obtain an assessment of the completeness and reliability of its performance data and detailed information on the source, scope, and limitations of the performance data. HUD and SBA also discussed plans for addressing the limitations. For example, HUD stated that to address problems with its indicator on the number of homeowners who have been assisted with the Home Investment Partnership Program (HOME), HUD has established a team of managers, technical staff, and contractors to make a series of improvements to the Integrated Disbursement and Information System beginning in fiscal year 2003 that should reduce the need to clean up the data.

Each of the six agencies' reports also discussed the procedures they used to verify and validate their performance data. However, these discussions ranged from the very general description of the DOE method (noted previously), to the very detailed discussions provided by DOT. DOT provides an on-line compendium that discusses the source and accuracy of its data. Furthermore, DOT's 2002 report also describes strategies being undertaken to address the quality of its data. The report states that a DOT intermodal working group addressed data quality issues by developing departmental statistical standards and by updating source and accuracy statements for all of DOT's data programs. The working group also worked to improve quality assurance procedures, evaluate sampling and nonsampling errors, and develop common definitions for data across modes.

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# Challenges to GPRA Implementation Persist

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While a great deal of progress has been made in making federal agencies more results oriented, numerous challenges still exist to effective implementation of GPRA. The success of GPRA depends on the commitment of top leadership within agencies, OMB, and Congress. However, according to federal managers surveyed, top leadership commitment to achieving results has not grown significantly since our 1997 survey. Furthermore, although OMB has recently shown an increased commitment to management issues, it significantly reduced its guidance to agencies on GPRA implementation compared to prior years, and it is not clear how the program goals developed through its PART initiative will complement and integrate with the long-term, strategic focus of GPRA. Obtaining leadership commitment to implement a strategic plan depends in part on the usefulness and relevance of agency goals and strategies to agency leaders, Congress, and OMB. However, GPRA's requirement to update agency strategic plans every 3 years is out of sync with presidential and congressional terms and can result in updated plans that do not have the support of top administration leadership and key congressional stakeholders.

As noted in chapter 2, more federal managers surveyed reported having results-oriented performance measures for their programs and we would expect to have seen similar increases in the use of this information for program management. However, we did not observe any growth in their reported use of this information for key management activities, such as adopting new program approaches or changing work processes. Additionally, managers noted human capital-related challenges that impede results-oriented management, including a lack of authority and training to carry out GPRA requirements, as well as a lack of recognition for the results achieved.

Consistent with our previous work, federal managers in our focus groups reported that significant challenges persist in setting outcome-oriented goals, measuring performance, and collecting useful data. However, our survey data suggested that federal managers do not perceive issues, such as “difficulty distinguishing between the results produced by the program and results caused by other factors” and “difficulty obtaining data in time to be useful,” to be substantial hindrances to measuring performance or using performance information.

Additionally, mission fragmentation and overlap contribute to difficulties in addressing crosscutting issues, particularly when those issues require a national focus, such as homeland security, drug control, and the

environment. GAO has previously reported on a variety of barriers to interagency cooperation, such as conflicting agency missions, jurisdiction issues, and incompatible procedures, data, and processes. We have also reported that OMB could use the provision of GPRA that calls for OMB to develop a governmentwide performance plan to integrate expected agency-level performance. Unfortunately, this provision has not been fully implemented and the federal government lacks a tool, such as a strategic plan, that could provide a framework for a governmentwide reexamination of existing programs, as well as proposals for new programs. Finally, federal managers in our focus groups and political appointees we interviewed believed that Congress does not use performance information to the fullest extent to conduct oversight and to inform appropriations decisions. While there is concern regarding Congress' use of performance information, it is important to make sure that this information is initially useful. As a key user of performance information, Congress needs to be considered a partner in shaping agency goals at the outset. GPRA provides Congress opportunities to influence agency performance goals through the consultation requirement for strategic plans and through Congress' traditional oversight role.

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## Top Leadership Does Not Consistently Show Commitment to Achieving Results

We have previously testified that perhaps the single most important element of successful management improvement initiatives is the demonstrated commitment of top leaders to change.<sup>1</sup> This commitment is most prominently shown through the personal involvement of top leaders in developing and directing reform efforts. Organizations that successfully address their long-standing management weaknesses do not "staff out" responsibility for leading change. Top leadership involvement and clear lines of accountability for making management improvements are critical to overcoming organizations' natural resistance to change, marshalling the resources needed in many cases to improve management, and building and maintaining the organizationwide commitment to new ways of doing business.

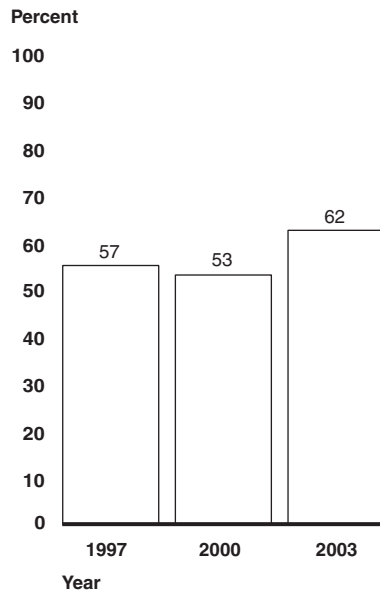
Results from our surveys show that while the majority of managers continue to indicate top leadership demonstrates a strong commitment to achieving results, we have not seen a noteworthy improvement in the percentage of managers expressing this view. From our 1997 survey, we

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<sup>1</sup>U.S. General Accounting Office, *Management Reform: Elements of Successful Improvement Initiatives*, GAO/T-GGD-00-26 (Washington, D.C.: Oct. 15, 1999).

estimated about 57 percent of managers overall reported such commitment to a great or very great extent. On our 2003 survey, 62 percent of managers expressed a comparable view—a higher but not statistically significant increase. (See fig. 10.)

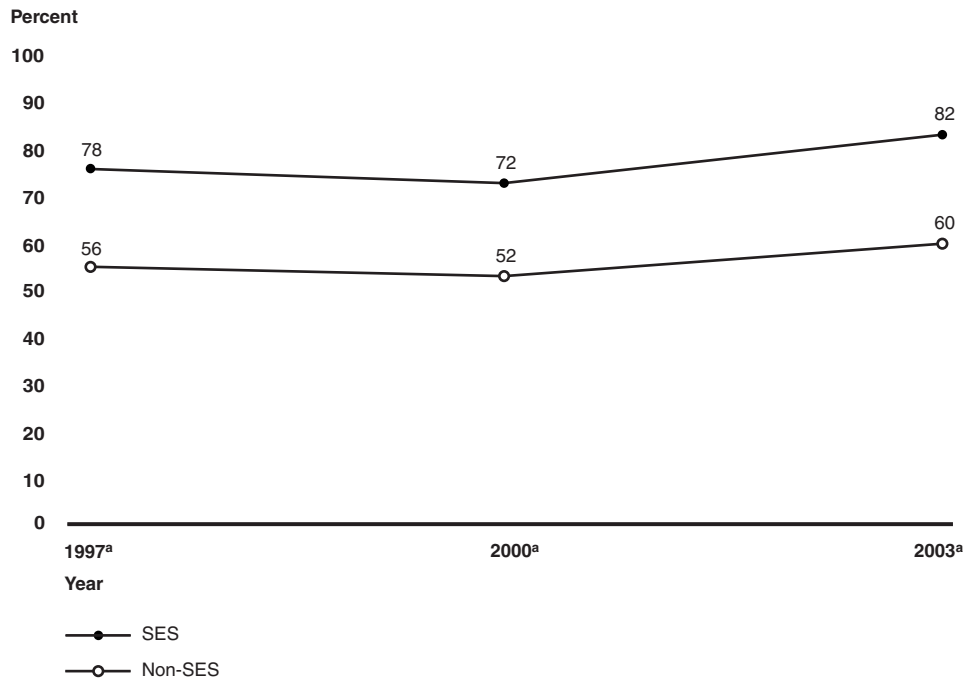
**Figure 10: Percentage of Federal Managers Who Reported to a Great or Very Great Extent Their Top Leadership Has a Strong Commitment to Achieving Results**



Source: GAO.

As shown in figure 11, however, we continued to see a significant difference between the perceptions of SES and non-SES managers on this issue. That is, the percentage of SES managers reporting that top leadership demonstrated strong commitment to a great or very great extent in 2003 was 22 percent higher than for non-SES managers.

**Figure 11: Percentage of SES and Non-SES Managers Who Reported to a Great or Very Great Extent Their Agency Top Leadership Demonstrated Strong Commitment to Achieving Results**



Source: GAO.

<sup>a</sup>There was a statistically significant difference between SES and non-SES.

We observed in our 1997 and 2000 reports on governmentwide implementation of GPRA that we would expect to see managers' positive perceptions on items, such as the extent to which top leadership is committed to achieving results, become more prevalent and the gap between SES and non-SES managers begin to narrow as GPRA and related reforms are implemented; however, these changes do not appear to be happening as expected.<sup>2</sup>

Demonstrating the willingness and ability to make decisions and manage programs based on results and the ability to inspire others to embrace such

<sup>2</sup>U.S. General Accounting Office, *The Government Performance and Results Act: 1997 Governmentwide Implementation Will Be Uneven*, [GAO/GGD-97-109](#) (Washington, D.C.: June 2, 1997) and *Managing for Results: Federal Managers' Views Show Need for Ensuring Top Leadership Skills*, [GAO-01-127](#) (Washington, D.C.: Oct. 20, 2000).



a model are important indicators of leadership commitment to results-oriented management. However, in both our 1997 and 2000 surveys, only about 16 percent of managers reported that changes by management above their levels to the programs for which they were responsible were based on results or outcome-oriented performance information to a great or very great extent. In our 2003 survey, this indicator increased to 23 percent, a statistically significant increase from prior surveys. Twenty-eight percent of federal managers surveyed who expressed an opinion reported that the lack of ongoing top executive commitment or support for using performance information to make program/funding decisions hindered measuring performance or using performance information to a great or very great extent.

Our interviews with 10 top political appointees from the Clinton and current Bush administrations indicated a high level of support and enthusiasm for effectively implementing the principles embodied in GPRA. For example, one appointee noted that GPRA focused senior management on a set of goals and objectives to allow the organization to understand what is important and how to deal with accomplishment at a macro-level, as well as provided a structure for problem solving. Another political appointee noted that GPRA has made it important to look at what you get out of the budget, not just what you put into it, while another concluded that GPRA brought about a fundamental rethinking of how they managed their programs and processes. Such indications of support for GPRA are promising. However, to support the transition to more results-oriented agency cultures, top agency management will need to make a more concerted effort to translate their enthusiasm for GPRA into actions that communicate to employees that top management cares about performance results and uses the information in its decision making.

The need for strong, committed leadership extends to OMB as well. OMB has shown a commitment to improving the management of federal programs, both through its leadership in reviewing agency program performance using the PART tool as well as through the PMA, which calls for improved financial performance, strategic human capital management, competitive sourcing, expanded electronic government, and performance budget integration. Using the foundation of information generated by agencies in their strategic plans, annual performance plans, and program performance reports, OMB has used the PART tool to exercise oversight of selected federal programs by assessing program purpose and design, the quality of strategic planning, the quality of program management, and the extent to which programs can demonstrate results. PART provides OMB a

lens through which to view performance information for use in the budget formulation process. PART, and OMB's use of performance data in the budget formulation process, potentially can complement GPRA's focus on increasing the supply of credible performance information by promoting the demand for this information in the budget formulation process. As we reported in chapter 2, more federal managers noted that OMB was paying attention to their agencies' efforts under GPRA. (See fig. 6.) Additionally, OMB convened a performance measurement workshop in April 2003 to identify practical strategies for addressing common performance measurement challenges. As a result of this workshop, it produced a paper in June 2003 that included basic performance measurement definitions and concepts and common performance measurement problems that were discussed at the workshop. This was part of OMB's continuing efforts to improve PART as an evaluation tool.

However, there are areas where OMB could further enhance its leadership. OMB has stated that the PART exercise presents an opportunity to inform and improve on agency GPRA plans and reports and establish a meaningful, systematic link between GPRA and the budget process. OMB has instructed agencies that, in lieu of a performance plan, they are to submit a performance budget that includes information from the PART assessments, including all performance goals used in the assessment of program performance done under the PART process. The result is that program-specific performance measures developed through the PART review are to substitute for other measures developed by the agency through its strategic planning process. GPRA is a broad legislative framework that was designed to be consultative with Congress and other stakeholders and address the needs of many users of performance information—Congress to provide oversight and inform funding decisions, agency managers to manage programs and make internal resource decisions, and the public to provide greater accountability. Changing agency plans and reports for use in the budget formulation process may not satisfy the needs of these other users. Users other than OMB are not likely to find the information useful unless it is credible and valid for their purposes. PART's program-specific focus may fit with OMB's agency-by-agency budget reviews, but it is not well suited to achieving one of the key purposes of strategic plans—to convey agencywide, long-term goals and objectives for all major functions and operations. PART's focus on program-specific measures does not substitute for the strategic, long-term focus of GPRA on thematic goals and department- and governmentwide crosscutting comparisons.

To reach the full potential of performance management, agency planning and reporting documents need to reflect the full array of uses of performance information, which may extend beyond those needed for formulating the President's Budget. However, it is not yet clear whether the results of those reviews, such as changes to agencies' program performance measures, will complement and be integrated with the long-term, strategic goals and objectives agencies have established in consultation with Congress and other stakeholders under GPRA. OMB has not yet clearly articulated how PART is to complement GPRA. Focus group participants suggested that the administration and OMB needed to reinforce GPRA's usefulness as a management tool for agencies. They also emphasized the need for OMB to help agencies understand how to integrate GPRA with other management initiatives, such as PART.

As we noted in chapter 3, agencies' plans and reports still suffer from persistent weaknesses and could improve in a number of areas, such as attention to issues that cut across agency lines, and better information about the quality of the data that underlie agency performance goals. However, OMB's July 2003 guidance for the preparation and submission of strategic plans, annual performance plans, and annual performance reports is significantly shorter and less detailed than its 2002 guidance. For example, OMB no longer provides detailed guidance to agencies for the development of performance plan components. OMB's 2002 guidance on the preparation and submission of annual performance plans is approximately 39 pages long; in its 2003 guidance, that discussion spans only 2 pages. The 2003 guidance in this area does not include entire sections found in the 2002 guidance, such as principles for choosing performance goals and indicators for inclusion in the annual plan, types of performance goals, crosscutting programs, and requirements for verifying and validating data.

OMB needs to maintain and strengthen its leadership role in working with agencies to help them produce the highest quality GPRA documents through its formal guidance and reviews of strategic plan and report submissions. Focus group participants discussed the need for consistent guidance on how to implement GPRA. Furthermore, there is no evidence that agencies have institutional knowledge of GPRA requirements that would obviate the need for OMB's guidance. New managers will need a consistent resource that provides practical guidance on what agencies need to include in their planning and reporting documents to comply with GPRA and reflect best practices. Consistent, explicit OMB guidance on preparing GPRA documents can help ensure that gains in the quality of

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GPRA documents are maintained and provide a resource for agencies to make further improvements in those documents. For example, guidance on how to discuss coordination of crosscutting programs or improvements to the credibility of performance data in agency performance plans goes hand-in-hand with OMB's enhanced oversight of agency performance through the PART exercise.

The success of GPRA depends on the commitment of top leadership within agencies, OMB, and Congress. Obtaining such leadership commitment depends in part on the usefulness and relevance of agency goals and strategies to these parties. GPRA requires an agency to develop a strategic plan at least every 3 years to cover the following 5-year period. Thus, there have been two required updates of strategic plans since the initial strategic plans were submitted for fiscal year 1997—fiscal year 2000 and fiscal year 2003. The fiscal year 2000 update occurred the year before a new presidential term began. According to our focus group participants—both the experts and federal managers—it makes little sense to require an update of a strategic plan shortly before a new administration is scheduled to take office. For example, changes in political leadership generally result in a new agenda with new objectives. Such changes force agencies to revise their plans, management initiatives, and strategies, which translates into additional GPRA-related work. A strategic plan that does not reflect the participation and buy-in of top administration leadership and key congressional stakeholders is unlikely to be successfully implemented. Therefore, GPRA's requirement to update agency strategic plans according to a schedule that is out of sync with presidential and congressional terms means that effort may be wasted on plans that lack the support of top leadership.

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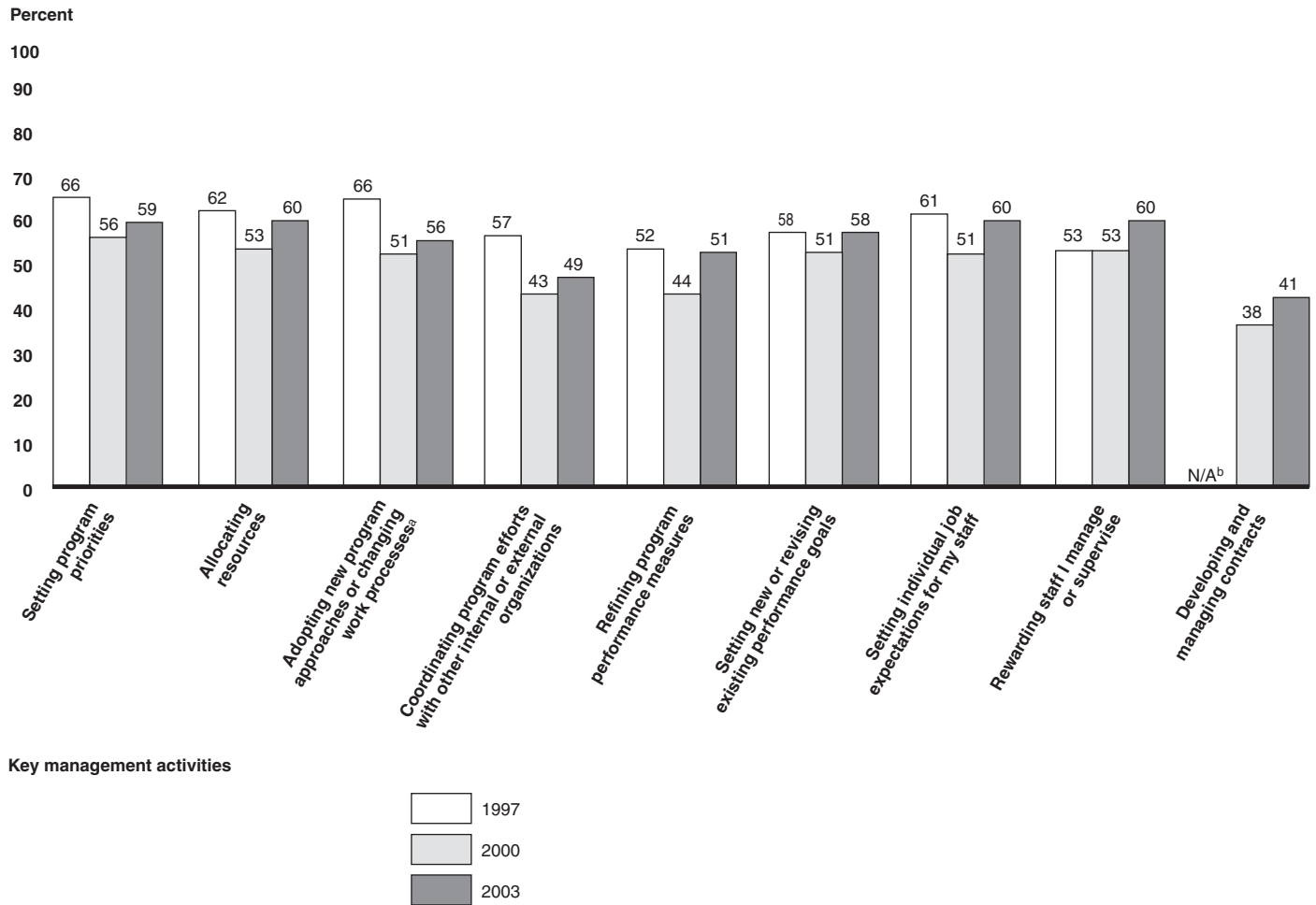
## Managers Report Mixed Results in Use of Performance Information

GPRA's usefulness to agency leaders and managers as a tool for management and accountability was cited as a key accomplishment numerous times by focus group participants. However, a number of alternative views indicated use of performance information for key management decisions has been mixed. For example, one participant said they did not believe GPRA has been used as a tool yet, while another participant commented that only better managers take advantage of GPRA as a management tool. According to focus group participants, although many federal managers understand and use results-oriented management concepts in their day-to-day activities, such as strategic planning and performance measurement, they do not always connect these concepts to the requirements of GPRA.

This view was strongly supported by our survey results. Prior to mentioning GPRA in our survey, we asked federal managers the extent to which they consider their agency's strategic goals when engaging in key management tasks such as setting program activities, allocating resources, or considering changes in their programs. A relatively high percentage of managers—ranging from 66 to 79 percent—responded to a great or very great extent. However, when we asked similar questions about the extent to which they considered their agency's annual performance goals as set forth in the agency's GPRA annual performance plan for the same activities, the comparable responses were considerably lower, ranging from 22 to 27 percent.

Because the benefit of collecting performance information is only fully realized when this information is actually used by managers, we asked them about the extent to which they used the information obtained from measuring performance for various program management activities. As shown in figure 12, for seven of the nine activities we asked about, the majority of managers who expressed an opinion reported using performance information to a great or very great extent in 2003. Across all nine activities, the percentage of managers saying they used performance information to a great or very great extent ranged from 41 percent for developing and managing contracts to 60 percent for allocating resources, setting individual job expectations, and rewarding staff. While we had observed a decline in the reported use of performance information to this extent for many of these activities between 1997 and 2000, our 2003 results increased to levels not significantly different from 1997 for all but one category—adopting new program approaches or changing work processes. This category of use continued to be significantly lower at 56 percent in 2003 than it was in 1997 at 66 percent. Although another category, coordinating program efforts with other internal or external organizations, shows a similar pattern of limited recovery, the difference between the 1997 and 2003 results is not statistically significant.

**Figure 12: Percentage of Federal Managers Who Reported Using Information Obtained from Performance Measurement to a Great or Very Great Extent for Various Management Activities**



Source: GAO.

Note: Percentages are based on those respondents answering on the extent scale.

<sup>a</sup>There was a statistically significant difference between the 1997 and 2003 surveys.

<sup>b</sup>This question was not asked in 1997.

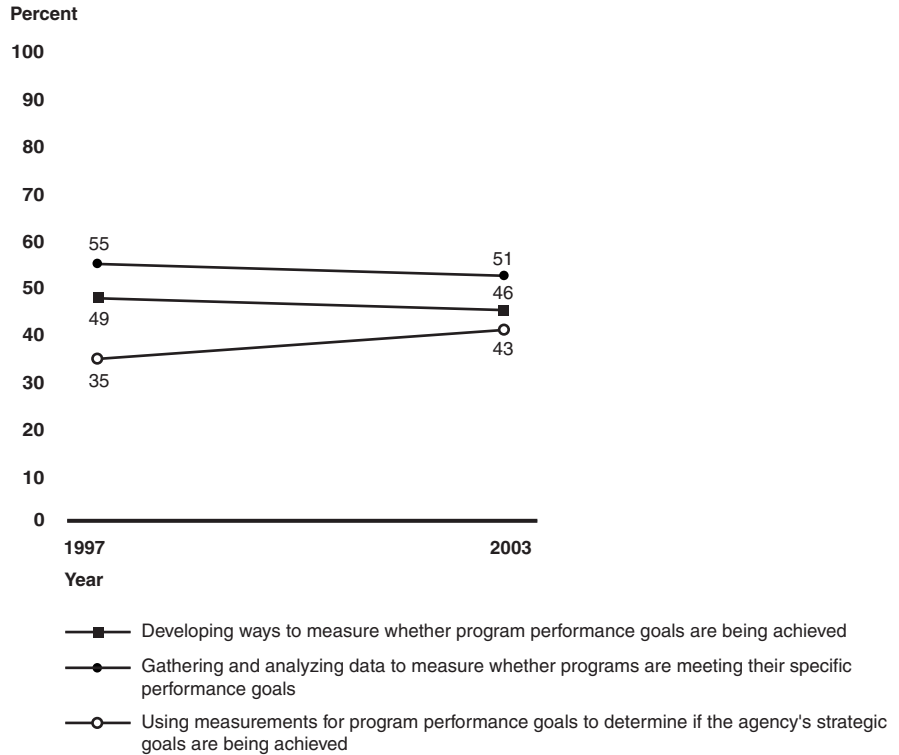
We have reported that involving program managers in the development of performance goals and measures is critical to increasing the relevance and usefulness of this information to their day-to-day activities.<sup>3</sup> Yet, our survey data indicate that participation in activities related to the development and use of performance information has also been mixed. In 2003, only 14 percent of managers believed to a great or very great extent that their agencies considered their contributions to or comments on their agency's GPRA plans or reports. However, significantly more SES managers (43 percent) than non-SES managers (12 percent) expressed this view. Also, when compared to our 2000 survey when we first asked this question, the percentage of SES managers expressing this view in 2003 was significantly higher than in 2000 (32 percent). The percentage of non-SES managers was essentially unchanged from 2000 (10 percent).

Furthermore, as shown in figure 13, overall around half or fewer of managers responded "yes" on our 2003 survey to questions about being involved in developing ways to measure whether program performance goals are being achieved (46 percent), gathering and analyzing data to measure whether programs were meeting their specific performance goals (51 percent), or using measures for program performance goals to determine if the agency's strategic goals were being achieved (43 percent). None of these overall results were significantly different from our 1997 results. We did find, however, that significantly more SES managers responded "yes" on the 2003 survey (72 percent) than the 1997 survey (55 percent) with regard to being involved in using performance measurement information to determine if the agency's strategic goals were being achieved when compared to our 1997 results.

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<sup>3</sup>GAO/GGD-97-109 and GAO-01-127.

**Figure 13: Percentage of Federal Managers Responding “Yes” about Being Involved in the Following Activities**



Source: GAO.

## Managers Continue to Confront a Range of Human Capital Management Challenges

Managing people strategically and maintaining a highly skilled and energized workforce that is empowered to focus on results are critically important. Such human capital management practices are essential to the success of the federal government in the 21st century and to maximizing the value of its greatest asset—its people. Our survey results showed continuing challenges related to the adequacy of managerial decision making authority, training, and incentives.



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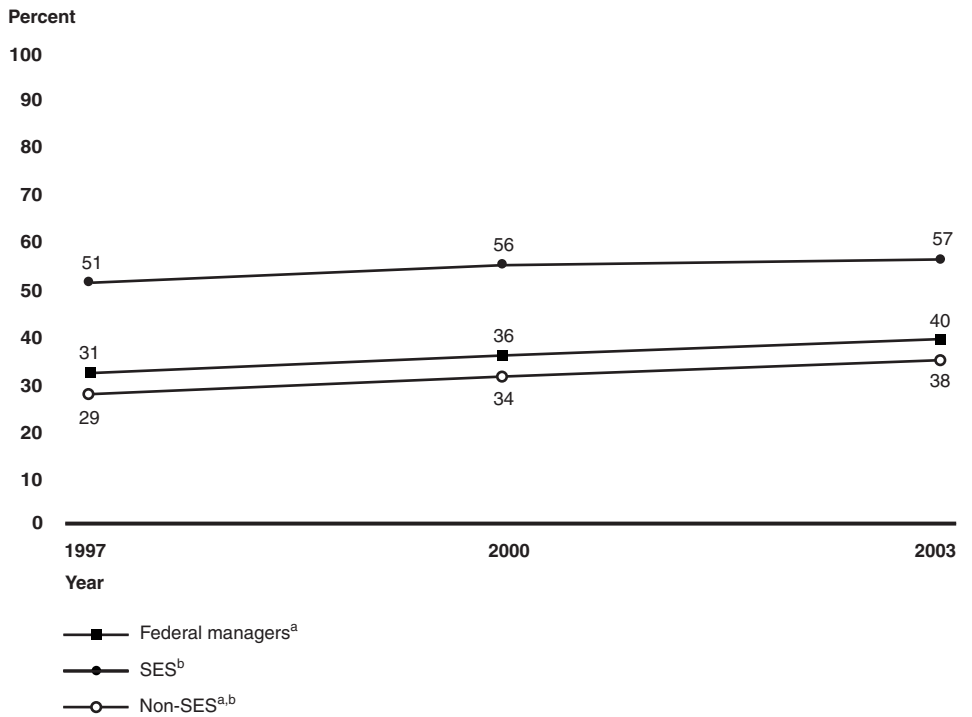
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**Federal Managers Report That They Are Held Accountable for Program Results but Do Not Have the Decision-Making Authority They Need to Accomplish Agency Goals**

High-performing organizations seek to shift the focus of management and accountability from activities and processes to contributions and achieving results. In each of our three surveys, we asked managers about the amount of decision-making authority they had and the degree to which they were held accountable for results.

As shown in figure 14, for 2003, an estimated 40 percent of federal managers overall reported that they had the decision-making authority they needed to help the agency accomplish its strategic goals to a great or very great extent. This was a statistically significant increase over our 1997 estimate of 31 percent. While there were more SES and non-SES managers expressing this view on our 2003 survey than the 1997 survey, it was the non-SES managers that showed the significant increase. Despite this promising trend, however, there continued to be substantial differences in 2003, as well as on the two previous surveys, between the responses of SES and lower-level managers on this question. Compared to the 57 percent of SES managers who reported having such authority to a great or very great extent in 2003, only 38 percent of non-SES managers reported having such authority to a great or very great extent.

**Figure 14: Percentage of Federal Managers Reporting to a Great or Very Great Extent That Managers/Supervisors at Their Levels Had the Decision-Making Authority They Needed to Help the Agency Accomplish Its Strategic Goals**



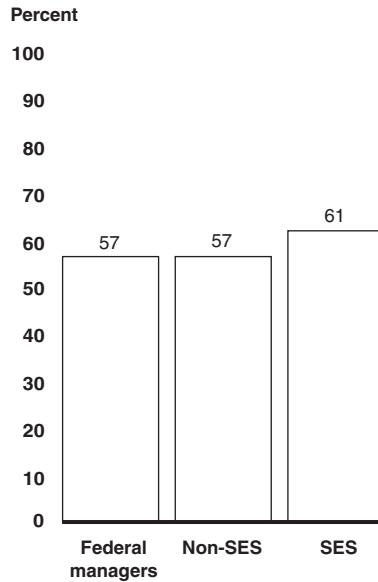
Source: GAO.

<sup>a</sup>There was a statistically significant difference between the 1997 and 2003 surveys.

<sup>b</sup>There was a statistically significant difference between SES compared to non-SES for each survey.

However, when asked the extent to which managers or supervisors at their levels were held accountable for the accomplishment of agency strategic goals, 57 percent responded to a great or very great extent in 2003. Unlike in other areas, where SES managers had significantly different views from non-SES managers, there was little difference in the area of accountability. (See fig. 15.)

**Figure 15: Percentage of Federal Managers, SES, and Non-SES in 2003 Reporting to a Great or Very Great Extent That They Were Held Accountable for the Accomplishment of Agency Strategic Goals**



Source: GAO.

This 57 percent is significantly higher than the 40 percent of managers overall who indicated that they had comparable decision-making authority. However, in contrast to the question on authority, as shown in figure 14, where more SES managers than non-SES managers expressed the view that they had the authority, there was little difference, as shown in figure 15, between the two groups in their views about being held accountable for achieving agency strategic goals to a great or very great extent. As figures 14 and 15 further illustrate, roughly the same percentage of SES managers perceived to a great or very great extent that managers at their level had decision-making authority and accountability for achieving agency strategic goals. This result suggests that their authority was perceived to be on par with their accountability. In contrast, only 38 percent of non-SES managers perceived that managers at their levels had the decision-making authority they needed to a great or very great extent, while 57 percent perceived that they were held accountable to a comparable extent.

Managers are hard-pressed to achieve results when they do not have sufficient authority to act. In our report containing the results of our 1997 survey, we noted that agencies needed to concentrate their efforts on areas

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where managers were not perceiving or experiencing progress, such as that concerning devolving decision-making authority to managers throughout their organizations. While authority for achieving results appears to be in a modestly upward trend, the balance between authority and accountability that fosters decision making to achieve results could be further improved, particularly among non-SES managers.

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### Fewer Than Half of Managers Reported Training on Key Tasks

We previously reported on the need for agencies to expend resources on effective training and professional development to equip federal employees to work effectively.<sup>4</sup> Among the resources focus group participants cited as lacking included federal managers and staff with competencies and skills needed to plan strategically, develop robust measures of performance, and analyze what the performance data mean. Our 2003 Guide calls for training and development efforts to be strategically focused on improving performance toward the agency's goals and put forward with the agency's organizational culture firmly in mind.<sup>5</sup> Throughout this process it is important that top leaders in the agencies communicate that investments in training and development are expected to produce clearly identified results. By incorporating valid measures of effectiveness into the training and development programs they offer, agencies can better ensure that they will adequately address training objectives and thereby increase the likelihood that desired changes will occur in the target population's skills, knowledge, abilities, attitudes, or behaviors. Furthermore, if managers understand and support the objectives of training and development efforts, they can provide opportunities to successfully use the new skills and competencies on the job and model the behavior they expect to see in their employees.

In response to our 2003 survey, fewer than half of managers answered "yes" when we asked them whether, during the past 3 years, their agencies had provided, arranged, or paid for training that would help them accomplish any of seven critical results-oriented management-related tasks. However, progress is indicated in our survey results. As shown in figure 16, more managers answered "yes" in 2003 on all seven training areas than in

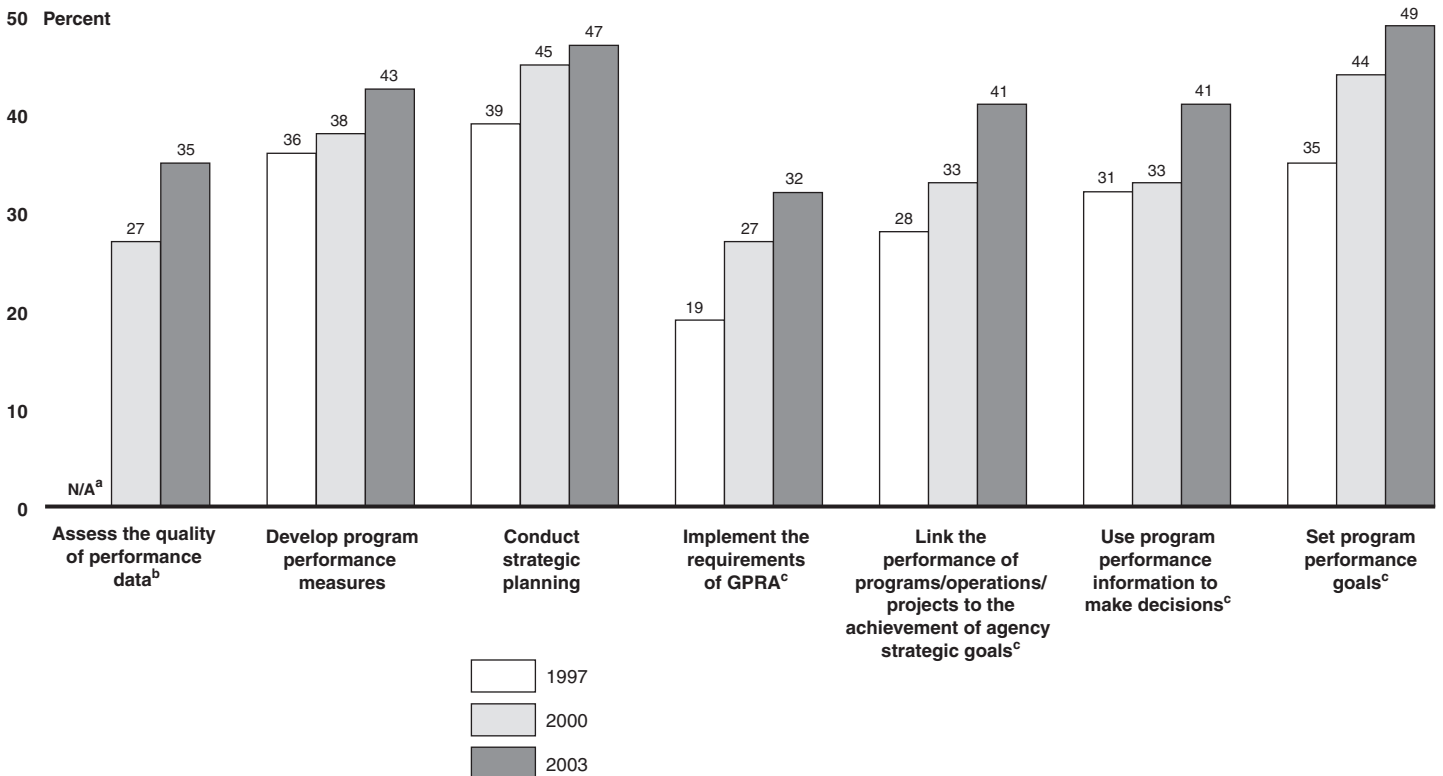
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<sup>4</sup>GAO-01-127.

<sup>5</sup>U.S. General Accounting Office, *Human Capital: A Guide for Assessing Strategic Training and Development Efforts in the Federal Government* (Exposure Draft) GAO-03-893G (Washington, D.C.: July 1, 2003).

previous surveys. These increases were statistically significant for five of the tasks—setting program performance goals, using program performance information to make management decisions, linking program performance to the achievement of agency strategic goals, and implementing the requirements of GPRA.

**Figure 16: Percentage of Federal Managers in Each Survey Year Who Reported That during the Past 3 Years Their Agencies Provided, Arranged, or Paid for Training That Would Help Them Accomplish Specific Tasks**



Source: GAO.

<sup>a</sup>This question was not asked in the 1997 survey.

<sup>b</sup>There was a statistically significant difference between the 2000 and 2003 surveys.

<sup>c</sup>There was a statistically significant difference between the 1997 and 2003 surveys.

As with our 2000 survey results, the 2003 survey results continued to demonstrate that there is a positive relationship between agencies providing training and development on setting program performance goals and the use of performance information when setting or revising

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performance goals. For those managers who responded “yes” to training on setting performance goals, 60 percent also reported that they used information obtained from performance measurement when setting new or revising existing performance goals to a great or very great extent. In contrast, for those managers who responded “no” to training on setting performance goals, only 38 percent reported that they used information obtained from performance measurement for setting new or revising existing performance goals to a great or very great extent. The difference between these percentages is statistically significant. Effective training and development programs are an integral part of a learning environment that can enhance the federal government’s ability to attract and retain employees with the skills and competencies needed to achieve results. Training and developing new and current staff to fill new roles and work in different ways will be a crucial part of the federal government’s endeavors to meet its transformation challenges. Ways that employees learn and achieve results will also continue to transform how agencies do business and engage employees in further innovation and improvements.

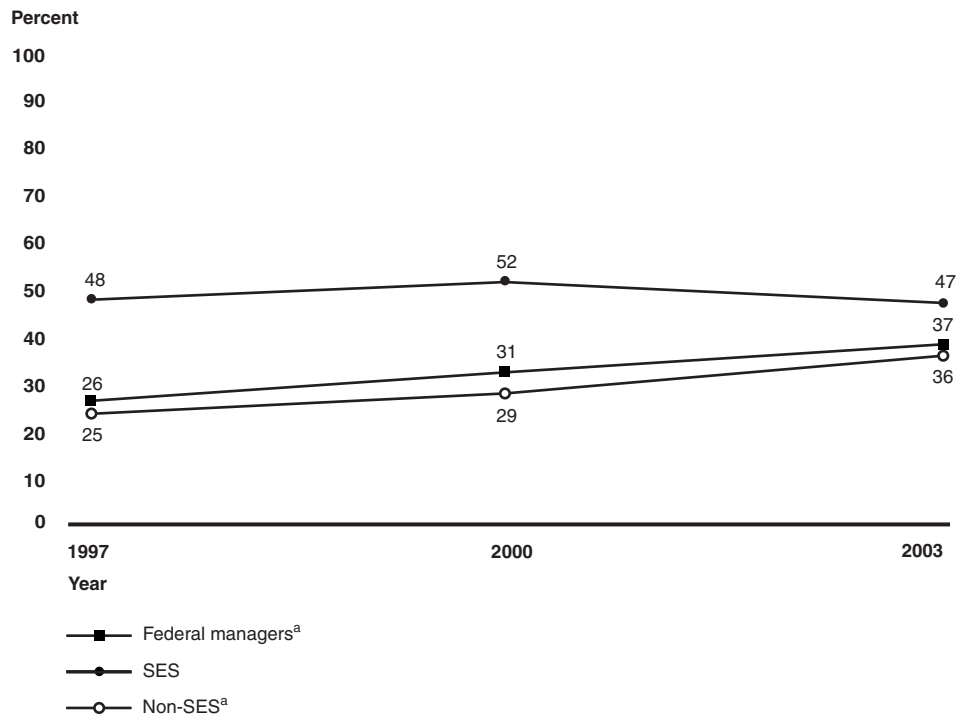
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### Managers Perceive a Lack of Positive Recognition for Helping Agencies Achieve Results

Another fundamental aspect of the human capital management challenge agencies face is providing the incentives to their employees to encourage results-oriented management. Monetary and nonmonetary incentives can be used as a method for federal agencies to reward employees and to motivate them to focus on results.

Overall, an increasing but still small percentage of managers reported in 1997, 2000, and 2003 that employees in their agencies received positive recognition to a great or very great extent for helping agencies accomplish their strategic goals. In 1997, 26 percent of federal managers reported such an extent of positive recognition as compared to 37 percent in 2003, a statistically significant increase. Interestingly, this improvement is seen in the responses of non-SES managers. As shown in figure 17, the percentage of SES managers expressing this view stayed at about the same level over the three surveys, while the percentage of non-SES managers holding this view was significantly higher in 2003 than in 1997. Even with this improvement on the part of the responses from non-SES managers, significantly more SES managers (47 percent) than non-SES managers (36 percent) expressed this perception to a comparable extent in 2003.

**Figure 17: Percentage of Federal Managers Who Reported to a Great or Very Great Extent That Employees in Their Agencies Received Positive Recognition for Helping Their Agencies Accomplish Their Strategic Goals**



Source: GAO.

<sup>a</sup>There was a statistically significant difference between the 1997 and 2003 surveys.

Unfortunately, most existing federal performance appraisal systems are not designed to support a meaningful performance-based pay system in that they fail to link institutional, program, unit, and individual performance measurement and reward systems. In our view, one key need is to modernize performance management systems in executive agencies so that they link to the agency’s strategic plan, related goals, and desired outcomes and are therefore capable of adequately supporting more performance-based pay and other personnel decisions.

We have reported federal agencies can develop effective performance management systems by implementing a selected, generally consistent set of key practices. These key practices helped public sector organizations both in the United States and abroad create a clear linkage—“line of sight”—between individual performance and organizational success and,

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thus, transform their cultures to be more results oriented, customer-focused, and collaborative in nature. Examples of such practices include

- aligning individual performance expectations with organizational goals,
- connecting performance expectations to crosscutting goals,
- linking pay to individual and organizational performance, and
- making meaningful distinctions in performance.<sup>6</sup>

Beyond implementing these key practices, high-performing organizations understand that their employees are assets whose value to the organization must be recognized, understood, and enhanced. They view an effective performance management system as an investment to maximize the effectiveness of people by developing individual potential to contribute to organizational goals. To maximize this investment, an organization's performance management system is designed, implemented, and continuously assessed by the standard of how well it helps the employees help the organization achieve results and pursue its mission.

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<sup>6</sup>For a complete list and discussion of the practices, see U.S. General Accounting Office, *Results oriented Cultures: Creating a Clear Linkage between Individual Performance and Organizational Success*, [GAO-03-488](#) (Washington, D.C.: Mar. 14, 2003).



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## Persistent Challenges in Setting Outcome- Oriented Goals, Measuring Performance, and Collecting Useful Data

In prior reports, we have described difficulties faced by federal managers in developing useful, outcome-oriented measures of performance and collecting data indicating progress achieved.<sup>7</sup> One of the most persistent challenges has been the development of outcome-oriented performance measures. Additionally, it is difficult to distinguish the impact of a particular federal program from the impact of other programs and factors, thus making it difficult to attribute specific program performance to results. The lack of timely and useful performance information can also hinder GPRA implementation.

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## Meaningful, Outcome- Oriented Performance Measures Are Sometimes Hard to Develop

In the past, we have noted that federal managers found meaningful performance measures difficult to develop. Focus group participants and survey respondents noted that outcome-oriented performance measures were especially difficult to establish when the program or line of effort was not easily quantifiable. The challenge of the “complexity of establishing outcome-oriented goals and measuring performance” was cited by six of the eight focus groups as one of the key challenges that managers face in implementing GPRA. Focus group participants agreed that they often felt as if they were trying to measure the immeasurable, not having a clear understanding of which performance indicators could accurately inform the agency how it is carrying out a specific activity. Managers from agencies engaged in basic science research and development and grant-making functions noted that this effort was particularly difficult for them because federal programs, especially those that are research-based, often take years to achieve the full scope of their goals. On our most recent survey, we estimated that 36 percent of federal managers who had an opinion indicated that the determination of meaningful measures hindered the use of performance information or performance measurement to a great or very great extent. While this number was significantly lower than the percentage of managers expressing the comparable view on the 1997 or 2000 survey and may reflect some lessening of this as a hindrance to some

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<sup>7</sup>See for example, U.S. General Accounting Office, *Managing for Results: Analytic Challenges in Measuring Performance*, [GAO/HEHS/GGD-97-138](#) (Washington, D.C.: May 30, 1997); *Program Evaluation: Agencies Challenged by New Demand for Information on Program Results*, [GAO/GGD-98-53](#) (Washington, D.C.: Apr. 24, 1998); *Managing for Results: Measuring Program Results That Are Under Limited Federal Control*, [GAO/GGD-99-16](#) (Washington, D.C.: Dec. 11, 1998); and *Managing for Results: Challenges Agencies Face in Producing Credible Performance Information*, [GAO/GGD-00-52](#) (Washington, D.C.: Feb. 4, 2000).

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managers, it nonetheless continues to be among those items having the largest percentage of managers citing it as a substantial hindrance.

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## Impact of Federal Programs Difficult to Discern

In our June 1997 report on GPRA, we noted that “the often limited or indirect influence that the federal government has in determining whether a desired result is achieved complicates the effort to identify and measure the discrete contribution of the federal initiative to a specific program result.”<sup>8</sup> This occurs primarily because many federal programs’ objectives are the result of complex systems or phenomena outside the program’s control. In such cases, it is particularly challenging for agencies to confidently attribute changes in outcomes to their program—the central task of program impact evaluation. This is particularly challenging for regulatory programs, scientific research programs, and programs that deliver services to taxpayers through third parties, such as state and local governments.

We have reported that determining the specific outcomes resulting from federal research and development has been a challenge that will not be easily resolved.<sup>9</sup> Due to the difficulties in identifying outcomes, research and development agencies typically have chosen to measure a variety of proxies for outcomes, such as the number of patents resulting from federally funded research, expert review and judgments of the quality and importance of research findings, the number of project-related publications or citations, and contributions to expanding the number of research scientists.

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<sup>8</sup>GAO/GGD-97-109, 6.

<sup>9</sup>U.S. General Accounting Office, *Managing for Results: Key Steps and Challenges in Implementing GPRA in Science Agencies*, GAO/T-GGD/RCED-96-214 (Washington, D.C.: July 10, 1996).

We have also reported that implementing GPRA in a regulatory environment is particularly challenging.<sup>10</sup> Although federal agencies are generally required to assess the potential benefits and costs of proposed major regulatory actions, they generally do not monitor the benefits and costs of how these and other federal programs have actually performed. For example, in the case of the Environmental Protection Agency (EPA), to determine if existing environmental regulations need to be retained or improved, we previously recommended that EPA study the actual costs and benefits of such regulations.<sup>11</sup>

In the past, regulatory agencies have cited numerous barriers to their efforts to establish results-oriented goals and measures. These barriers included problems in obtaining data to demonstrate results, accounting for factors outside of the agency's control that affect results, and dealing with the long time periods often needed to see results. Our prior work discussed best practices for addressing challenges to measuring the results of regulatory programs. In particular, to address the challenge of discerning the impact of a federal program, when other factors also affect results, we suggested agencies "establish a rationale of how the program delivers results." Establishing such a rationale involves three related practices: (1) taking a holistic or "systems" approach to the problem being addressed, (2) building a program logic model that described how activities translated to outcomes, and (3) expanding program assessments and evaluations to validate the model linkages and rationale.

We have also reported on the difficulties encountered in meeting GPRA reporting requirements for intergovernmental grant programs.<sup>12</sup> Programs that do not deliver a readily measurable product or service are likely to have difficulty meeting GPRA performance measurement and reporting requirements. Intergovernmental grant programs, particularly those with the flexibility inherent in classic block grant design, may be more likely to

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<sup>10</sup>U.S. General Accounting Office, *Managing for Results: Strengthening Regulatory Agencies' Performance Management Practices*, [GAO/GGD-00-10](#) (Washington, D.C.: Oct. 28, 1999).

<sup>11</sup>U.S. General Accounting Office, *Environmental Protection: Assessing the Impacts of EPA's Regulations Through Retrospective Studies*, [GAO/RCED-99-250](#) (Washington, D.C.: Sept. 14, 1999).

<sup>12</sup>U.S. General Accounting Office, *Grant Programs: Design Features Shape Flexibility, Accountability, and Performance Information*, [GAO/GGD-98-137](#) (Washington, D.C.: June 22, 1998).

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have difficulty producing performance measures at the national level and raise delicate issues of accountability. Although most flexible grant programs we reviewed reported simple activity or client counts, relatively few of them collected uniform data on the outcomes of state or local service activities. Collecting such data requires conditions (such as uniformity of activities, objectives, and measures) that do not exist under many flexible program designs, and even where overall performance of a state or local program can be measured, the amount attributable to federal funding often cannot be separated out.

Focus group participants also suggested that they faced challenges in obtaining timely performance data from relevant partner organizations and in identifying what the federal government's contribution has been to a specific outcome. Furthermore, survey respondents provided some corroboration for these views. Across all three of our surveys, we estimate that roughly a quarter of all federal managers reported this difficulty—distinguishing between the results produced by the program they were involved with and results caused by other factors—as a substantial hindrance. In response to a survey question about what the federal government could do to improve its overall focus on managing for results, one respondent noted: “Defining meaningful measures for the work we do is extremely difficult; and even if they could be defined, performance and accomplishment is (sic) dependent on so many factors outside our control that it is difficult, if not impossible, to make valid conclusions.”

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### Timely, Useful Performance Information Not Always Available

In February 2000, we reported that intergovernmental programs pose potential difficulties in collecting timely and consistent national data.<sup>13</sup> We also noted that agencies had limited program evaluation capabilities and weaknesses in agencies' financial management capabilities make it difficult for decision makers to effectively assess and improve many agencies' financial performance. On the basis of our current findings, these issues still exist. Federal managers who participated in our focus groups cited difficulties in gathering data from state or local entities, as well as statutory limitations regarding the nature and breadth of data that they were permitted to collect. However, in our 2003 survey, only 27 percent of federal managers indicated that obtaining data in time to be useful was a

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<sup>13</sup>GAO/GGD-00-52.

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substantial hindrance; 31 percent expressed a comparable view with regard to obtaining valid or reliable data.

Focus group participants also noted that OMB's accelerated time frames for reporting performance information will contribute to the challenge of producing complete, timely information in their agencies' performance reports. Over the past 2 fiscal years, OMB has moved the deadline for submission of agencies' performance reports (now performance and accountability reports) back from the statutory requirement of March 31; for fiscal year 2003 data, the deadline is January 30, 2004. In fiscal year 2004, these reports will be due on November 15, 2004. According to the managers, individual agencies may work on different time frames based partially on the population they serve or the stakeholders they must work with, such as state or local agencies. This "one size fits all" approach does not take such differences into account.

Additionally, OMB requires agencies to report on their performance data quarterly; managers noted that this was particularly difficult for outcomes that may be achieved over extended periods of time, such as outcomes associated with basic science. As we have previously reported, measuring the performance of science-related projects can be difficult because a wide range of factors determine if and how a particular research and development project will result in a commercial application or have other benefits. Efforts to cure diseases or pursue space exploration are difficult to quantify and break down into meaningful quarterly performance measures.

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## Crosscutting Issues Hinder Successful GPRA Implementation

Crosscutting issues continue to be a challenge to GPRA implementation. Mission fragmentation and program overlap are widespread across the federal government. Moreover, addressing this challenge is essential to the success of national strategies in areas such as homeland security, drug control, and the environment.

We have reported that agencies could use the annual performance planning cycle and subsequent annual performance reports to highlight crosscutting program efforts and to provide evidence of the coordination of those efforts. Our review of six agencies' strategic and annual performance plans showed some improvement in addressing their crosscutting program efforts, but a great deal of improvement is still necessary. Few of the plans we reviewed attempted the more challenging task of discussing planned strategies for coordination and establishing complementary performance

goals and complementary or common performance measures. For example, SSA's 2004 performance plan makes some mention of the agency's efforts to coordinate with other agencies to preserve the integrity of the Social Security number as a personal identifier, but there are very few details about this important component of its mission.

Previous GAO reports and agency managers identified several barriers to interagency coordination. First, missions may not be mutually reinforcing or may even conflict, making reaching a consensus on strategies and priorities difficult. In 1998 and 1999, we found that mission fragmentation and program overlap existed in 12 federal mission areas, ranging from agriculture to natural resources and the environment. Implementation of federal crosscutting programs is often characterized by numerous individual agency efforts that are implemented with little apparent regard for the presence of related activities. Second, we reported on agencies' interest in protecting jurisdiction over missions and control over resources.<sup>14</sup> Focus group participants echoed this concern, noting that there can be "turf battles" between agencies, where jurisdictional boundaries, as well as control over resources, are hotly contested. Finally, incompatible procedures, processes, data, and computer systems pose difficulties for agencies to work across agency boundaries. For example, we reported how the lack of consistent data on federal wetlands programs implemented by different agencies prevented the government from measuring progress toward achieving the governmentwide goal of no net loss of the nation's wetlands.<sup>15</sup>

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<sup>14</sup>U.S. General Accounting Office, *Managing for Results: Barriers to Interagency Coordination*, [GAO/GGD-00-106](#) (Washington, D.C.: Mar. 29, 2000).

<sup>15</sup>U.S. General Accounting Office, *Wetlands Overview: Problems With Acreage Data Persist*, [GAO/RCED-98-150](#) (Washington, D.C.: July 1, 1998) and *Results-Oriented Management: Agency Crosscutting Actions and Plans in Border Control, Flood Mitigation and Insurance, Wetlands, and Wildland Fire Management*, [GAO-03-321](#) (Washington, D.C.: Dec. 20, 2002).

We have previously reported and testified that GPRA could provide OMB, agencies, and Congress with a structured framework for addressing crosscutting program efforts.<sup>16</sup> OMB, for example, could use the provision of GPRA that calls for OMB to develop a governmentwide performance plan to integrate expected agency-level performance. Unfortunately, this provision has not been fully implemented. OMB issued the first and only such plan in February 1998 for fiscal year 1999. In our review of the plan,<sup>17</sup> we found that it included a broad range of governmentwide management objectives and a mission-based presentation of key performance goals based on agency performance plans and the plan's framework should ultimately allow for a cohesive presentation of governmentwide performance. However, the specific contents of this initial plan did not always deliver an integrated, consistent, and results-oriented picture of fiscal year 1999 federal government performance goals.

OMB officials we interviewed at the time stressed that developing the governmentwide plan was viewed as an essential and integral component of the President's budget and planning process. From OMB's perspective, both the plan and the budget submission were intended to serve as communication tools for a range of possible users. In their opinion, the plan added value by reflecting a governmentwide perspective on policy choices made throughout the budget formulation process. OMB acknowledged that the plan itself did not serve to change the process through which decisions on government priorities were made, but enhanced it by placing a greater emphasis on results. As one official described it, the governmentwide performance plan was a derivative document, reflecting the budget and management decisions made throughout the process of formulating the President's budget submission. However, we found that focusing broadly on governmentwide outcomes should be a central and distinguishing feature of the federal government performance plan. To be most effective and supportive of the purposes of GPRA, the governmentwide plan must be more than a compilation of agency-level plans; integration, rather than repetition, must be its guiding principle.

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<sup>16</sup>GAO/GGD-00-106 and U.S. General Accounting Office, *Results-Oriented Government: Using GPRA to Address 21st Century Challenges*, GAO-03-1166T (Washington, D.C.: Sept. 18, 2003).

<sup>17</sup>U.S. General Accounting Office, *The Results Act: Assessment of the Governmentwide Performance Plan for Fiscal Year 1999*, GAO/AMD/GGD-98-159 (Washington, D.C.: Sept. 8, 1998).

OMB has not issued a distinct governmentwide performance plan since fiscal year 1999. Most recently, the President's fiscal year 2004 budget focused on describing agencies' progress in addressing the PMA and the results of PART reviews of agency programs. Although such information is important and useful, it does not provide a broader and more integrated perspective of planned performance on governmentwide outcomes. Additionally, the fiscal year 2004 budget identified budget requests and performance objectives by agency, such as the U.S. Department of Defense, as opposed to crosscutting governmentwide themes. From this presentation, one could assume that the only activities the U.S. government planned to carry out in support of national defense were those listed under the chapter "Department of Defense." However, the chapter of the fiscal year 2004 budget discussing "the Department of State and International Assistance Programs," contains a heading titled, "Countering the Threat from Weapons of Mass Destruction." And while OMB may have a technical reason for not classifying this task as being related to national defense or homeland security, it is unclear that a lay reader could make that distinction. The fiscal year 2005 budget also identified budget requests by agency, not by crosscutting theme. Without such a governmentwide focus, OMB is missing an opportunity to assess and communicate the relationship between individual agency goals and outcomes that cut across federal agencies and more clearly relate and address the contributions of alternative federal strategies. The governmentwide performance plan also could help Congress and the executive branch address critical federal performance and management issues, including redundancy and other inefficiencies in how we do business. It could also provide a framework for any restructuring efforts.

A strategic plan for the federal government, supported by key national indicators to assess the government's performance, position, and progress, could provide an additional tool for governmentwide reexamination of existing programs, as well as proposals for new programs. If fully developed, a governmentwide strategic plan could potentially provide a cohesive perspective on the long-term goals of the federal government and provide a much needed basis for fully integrating, rather than merely coordinating, a wide array of federal activities. Successful strategic planning requires the involvement of key stakeholders. Thus, it could serve as a mechanism for building consensus. Further, it could provide a vehicle for the President to articulate long-term goals and a road map for achieving them. In addition, a strategic plan could provide a more comprehensive framework for considering organizational changes and making resource decisions.



Developing a strategic plan for the federal government would be an important first step in articulating the role, goals, and objectives of the federal government. It could help provide critical horizontal and vertical linkages. Horizontally, it could integrate and foster synergies among components of the federal government as well as help to clarify the role of the federal government vis-à-vis other sectors of our society. Vertically, it could provide a framework of federal missions and goals within which individual federal agencies could align their own missions and goals that would cascade down to individual employees. The development of a set of key national indicators could be used as a basis to inform the development of the governmentwide strategic and annual performance plans. The indicators could also link to and provide information to support outcome-oriented goals and objectives in agency-level strategic and annual performance plans.

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## Managers View Congress' Use of Performance Information as Limited

Focus group members believed that one of the main challenges to GPRA implementation was the reluctance of Congress to use that information when making decisions, especially appropriations decisions. This concern was cited as a significant challenge in each of the focus groups, and was one of the top three “challenges” in five of the eight focus groups. In some cases, managers in our focus groups noted that this lack of usage was a significant disincentive to doing a good job in preparing GPRA plans and reports. Agency managers made the following criticisms regarding the perceived lack of congressional use of performance information:

- appropriators have not bought into GPRA, so there is no incentive to do this well,
- failure of congressional leadership in developing and using performance measures,
- appropriators do not use performance data or tools to make decisions, and
- GPRA does not drive public policy decisions.

Results from our survey provide some further information in support of this view. On our 2003 survey, when we asked federal managers about the extent to which they thought congressional committees paid attention to agency efforts under GPRA, only 22 percent of federal managers responded in the great to very great categories. This result was not significantly

different from the results we observed on our 2000 survey when we asked this question about three specific types of congressional committees—authorization, appropriation, and oversight. On the 2000 survey, only 18 percent of federal managers held a similar view concerning authorizing committees, 19 percent for appropriations committees, and 20 percent for oversight committees. As we noted earlier, when this item was asked in relation to OMB, there was a significant increase in the percentage of managers responding to a great or very great extent from 2000 to 2003. The 31 percent of managers who viewed OMB as paying attention to a great or very great extent in 2003 was significantly higher than the 22 percent holding a comparable view of congressional committees.

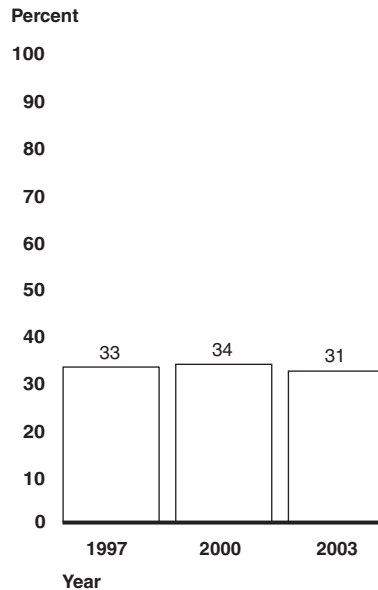
Although managers expressed these concerns about the use of this information, a recent review by the CRS suggested that Congress uses performance information to some extent, as evidenced by citations in legislation and committee reports.<sup>18</sup> For example, in the 106th Congress (1999-2000), 42 public laws contained statutory language relating to GPRA and performance measures, and 118 legislative reports<sup>19</sup> contained GPRA-associated passages. As shown in figure 18, across all three of our surveys, only a minority of federal managers governmentwide viewed the lack of ongoing congressional commitment for using performance information as a hindrance to a great or very great extent.

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<sup>18</sup>Congressional Research Service, *Government Performance and Results Act: Overview of Associated Provisions in the 106th Congress*, (Washington, D.C.: 2002).

<sup>19</sup>This included reports that accompanied bills passed by both the House and Senate that were either enacted into law or vetoed by the President.

**Figure 18: Percentage of Federal Managers Reporting to a Great or Very Great Extent That a Lack of Ongoing Congressional Commitment or Support for Using Performance Information in Making Program/Funding Decisions Is a Hindrance**



Source: GAO.

Note: Percentages are based on those respondents answering on the extent scale.

While there is concern regarding Congress' use of performance information, it is important to make sure that this information is initially useful. One of GPRA's purposes is to respond to a need for accurate, reliable information for congressional decision making. In 2000, we reported that congressional staffs stated that they were looking for recurring information on spending priorities within programs; the quality, quantity, and efficiency of program operations; the populations served or regulated; as well as programs' progress in meeting their objectives.<sup>20</sup> For example, learning who benefits from a program can help in addressing questions about how well services are targeted to those most in need. Some of these recurring needs were met through formal agency documents, such as annual performance plans. However, some information the agencies provided did not fully meet the congressional

<sup>20</sup>U.S. General Accounting Office, *Managing for Results: Views on Ensuring the Usefulness of Agency Performance Information to Congress*, GGD-00-35 (Washington, D.C.: Jan. 26, 2000).

staffs' needs because the presentation was not clear, directly relevant, or sufficiently detailed. For example, congressional staffs wanted to see more direct linkages among the agencies' resources, strategies, and goals. In other cases, the information was not readily available to the congressional staffs, either because it had not been requested or reported, or because staff were not informed that it was available.

As a key user of performance information, Congress also needs to be considered a partner in shaping agency goals at the outset. For example, through the strategic planning requirement, GPRA requires federal agencies to consult with Congress and key stakeholders to reassess their missions and long-term goals as well as the strategies and resources they will need to achieve their goals. GPRA also provides a vehicle for Congress to explicitly state its performance expectations in outcome-oriented terms when establishing new programs or in exercising oversight of existing programs that are not achieving desired results. Congress could use authorizing and appropriations hearings to determine if agency programs have clear performance goals, measures, and data with which to track progress and whether the programs are achieving their goals. If goals and objectives are unclear or not results oriented, Congress could use legislation to articulate the program outcomes it expects agencies to achieve. This would provide important guidance to agencies that could then be incorporated in agency strategic and annual performance plans.

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# Conclusions and Recommendations

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## Agenda for Achieving a Sustainable, Governmentwide Focus on Results

As we have shown in this report, in the 10 years since the enactment of GPRA, significant progress has been made in instilling a focus on results in the federal government. First, GPRA statutory requirements laid a foundation for results-oriented management in federal agencies. Expert and agency focus group participants cited the creation of this statutory foundation as one of the key accomplishments of GPRA. Since GPRA began to be implemented governmentwide in fiscal year 1997, we have observed significant increases in the percentage of federal managers who reported having results-oriented performance measures for their programs. Focus group participants' views on whether GPRA has had a positive effect on the federal government's ability to deliver results to the American public were mixed. For example, the information gathered and reported for GPRA allows agencies to make better-informed decisions, which improves their ability to achieve results. In addition, GPRA has made the results of federal programs more transparent to the public. Other participants stated that while certain aspects of GPRA-related work have been positive, agencies' ability to deliver results and public awareness of their activities cannot be exclusively attributed to GPRA.

Second, GPRA has increased the connection between resources and results by creating more formal linkages between agency performance goals and objectives and the program activities in the budget. Over the first 4 years of agency efforts to implement GPRA, we observed that agencies continued to tighten the required linkage between their performance plans and budget requests. However, much remains to be done in this area. For example, we have not observed notable increases in federal managers' perceptions about their personal use of plans or performance information when allocating resources, or about the use of performance information when funding decisions are made about their programs. However, it should be noted that we estimate a majority have positive perceptions about the use of performance information to allocate resources.

Third, GPRA has provided a foundation for examining agency missions, performance goals and objectives, and the results achieved. We have seen improvements in the quality of agency strategic plans, annual performance plans, and performance reports since initial efforts. However, few of the six agencies we reviewed in this report produced GPRA planning and reporting documents that met all of our criteria for the highest level of quality. Most of these agencies continued to miss opportunities to present clear pictures of their intended and actual performance results in their GPRA plans and reports and to show how resources are aligned with actual

performance results. Furthermore, most of the agencies we reviewed did not provide a full level of confidence in the credibility of their performance data.

Performance-based management, as envisioned by GPRA, requires transforming organizational cultures to improve decision making, maximize performance, and assure accountability. This transformation is not an easy one and requires investments of time and resources as well as sustained leadership commitment and attention. Challenges to successful implementation of GPRA include inconsistent top leadership commitment to creating a focus on results; an approach to setting goals and developing strategies for achieving critical outcomes that creates individual agency stovepipes rather than an integrated, holistic governmentwide approach; getting federal managers to make greater use of performance information to manage their programs and providing them authority to act that is commensurate with their accountability for results; difficulty in establishing meaningful measures of outcomes and assessing results of federal programs that are carried out by nonfederal entities; and untimely performance data.

The challenges identified in this report are not new—most have not changed significantly since we first reported on governmentwide implementation of GPRA. However, we have frequently reported on approaches that agencies, OMB, and Congress could use to address the challenges. These approaches include strengthening the commitment of top leadership to creating and sustaining a focus on results; taking a governmentwide approach to achieving outcomes that are crosscutting in nature; improving the usefulness of performance information to managers, Congress, and the public; and improving the quality of performance measures and data. Collectively, these approaches form the agenda that federal agencies, OMB, and Congress will need to follow to bring about a more sustainable, governmentwide focus on results.

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### Strengthening Top Leadership Commitment to Creating and Sustaining Results-Oriented Cultures

Successfully addressing the challenges that federal agencies face requires leaders who are committed to achieving results, who recognize the importance of using results-oriented goals and quantifiable measures, and who integrate performance-based management into the culture and day-to-day activities of their organizations. Top leadership must play a critical role in creating and sustaining high-performing organizations. Without the clear and demonstrated commitment of agency top leadership—both

political and career—organizational cultures will not be transformed, and new visions and ways of doing business will not take root.

To be positioned to address the array of challenges faced by our national government, federal agencies will need to transform their organizational cultures so that they are more results oriented, customer-focused, and collaborative. Leading public organizations here in the United States and abroad have found that strategic human capital management must be the centerpiece of any serious change management initiative and efforts to transform the cultures of government agencies. Performance management systems are integral to strategic human capital management. Such systems can be key tools to maximizing performance by aligning institutional performance measures with individual performance and creating a “line of sight” between individual and organizational goals. Leading organizations use their performance management systems as a key tool for aligning institutional, unit, and employee performance; achieving results; accelerating change; managing the organization day to day; and facilitating communication throughout the year so that discussions about individual and organizational performance are integrated and ongoing.<sup>1</sup>

Furthermore, achieving this cultural transformation requires people to have the knowledge and skills to develop and use performance information to improve program performance. Our survey data indicated a significant relationship between those managers who reported they received training on setting performance goals and those who used performance information when setting or revising performance goals. However, federal agencies have not consistently showed a commitment to investing in needed training and development opportunities to help ensure that managers and employees have the requisite skills and competencies to achieve agency goals.

The commitment to focusing on and using performance information needs to extend to OMB and Congress as well. Through the administration’s PMA and PART initiatives, OMB has clearly placed greater emphasis on management issues over the past several years. However, the focus of such oversight needs to extend beyond the emphasis on formulating the President’s Budget to include an examination of the many challenges agencies face that may be contributing to poor performance. In spite of the

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<sup>1</sup>U.S. General Accounting Office, *Human Capital: Key Principles From Nine Private Sector Organizations*, GAO/GGD-00-28 (Washington, D.C.: Jan. 31, 2000).

persistent weaknesses we found in agencies' strategic plans and annual performance plans and reports, OMB significantly reduced the scope of its guidance to agencies on how to prepare these documents. By emphasizing a focus on resource allocation through its PART exercise and providing less information on how to comply with GPRA, OMB may be sending a message to agencies that compliance with GPRA is not important. Without strong leadership from OMB, the foundation of performance information that has been built could deteriorate.

OMB leadership is critical to addressing the continuing challenges presented in GPRA implementation and the transformation of the federal government to an increasingly results-oriented culture. OMB, as the primary focal point for overall management in the federal government, can provide the needed impetus by providing guidance, fostering communication among agencies, and forming intragovernmental councils and work groups tasked with identifying potential approaches and solutions to overcoming the persistent challenges to results-oriented management.

Congress can also play a decisive role in fostering results-oriented cultures in the federal government by using information on agency goals and results at confirmation, oversight, authorization, and appropriation hearings. Consistent congressional interest in the status of an agency's GPRA efforts, performance measures, and uses of performance information to make decisions, will send an unmistakable message to agencies that Congress expects GPRA to be thoroughly implemented.

We also found that timing issues may affect the development of agency strategic plans that are meaningful and useful to top leadership. The commitment of top leadership within agencies, OMB, and Congress is critical to the success of strategic planning efforts. A strategic plan should reflect the policy priorities of an organization's leaders and the input of key stakeholders if it is to be an effective management tool. However, GPRA specifies time frames for updating strategic plans that do not correspond to presidential or congressional terms. As a result, an agency may be required to update its strategic plan a year before a presidential election and without input from a new Congress. If a new president is elected, the updated plan is essentially moot and agencies must spend additional time and effort revising it to reflect new priorities. Our focus group participants, including GPRA experts, strongly agreed that this timing issue should be addressed by adjusting time frames to correspond better with presidential and congressional terms.



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## Addressing Governmentwide Needs

Mission fragmentation and program overlap are widespread throughout the federal government.<sup>2</sup> We have noted that interagency coordination is important for ensuring that crosscutting program efforts are mutually reinforcing and efficiently implemented. Our review of six agencies' strategic and annual performance plans along with our previous work on crosscutting issues has demonstrated that agencies' still present their goals and strategies in a mostly stovepiped manner. They have generally not used their plans to communicate the nature of their coordination with other agencies, in terms of the development of common or complementary goals and objectives or strategies jointly undertaken to achieve those goals.

We have also reported that GPRA could provide a tool to reexamine federal government roles and structures governmentwide. GPRA requires the President to include in his annual budget submission a federal government performance plan. Congress intended that this plan provide a "single cohesive picture of the annual performance goals for the fiscal year." The governmentwide performance plan could help Congress and the executive branch address critical federal performance and management issues, including redundancy and other inefficiencies in how we do business. It could also provide a framework for any restructuring efforts. Unfortunately, this provision has not been fully implemented. Instead, OMB has used the President's Budget to present high-level information about agencies and certain program performance issues. The agency-by-agency focus of the budget does not provide the integrated perspective of government performance envisioned by GPRA.

If the governmentwide performance plan were fully implemented, it could provide a framework for such congressional oversight. For example, in recent years, OMB has begun to develop common measures for similar programs, such as job training. By focusing on broad goals and objectives, oversight could more effectively cut across organization, program, and other traditional boundaries. Such oversight might also cut across existing committee boundaries, which suggests that Congress may benefit from using specialized mechanisms to perform oversight (i.e., joint hearings and special committees).

A strategic plan for the federal government, supported by key national indicators to assess the government's performance, position, and progress,

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<sup>2</sup>[GAO/AIMD-97-146](#).

could provide an additional tool for governmentwide reexamination of existing programs, as well as proposals for new programs. If fully developed, a governmentwide strategic plan can potentially provide a cohesive perspective on the long-term goals of the federal government and provide a much needed basis for fully integrating, rather than merely coordinating, a wide array of federal activities. Successful strategic planning requires the involvement of key stakeholders. Thus, it could serve as a mechanism for building consensus. Further, it could provide a vehicle for the President to articulate long-term goals and a road map for achieving them. In addition, a strategic plan can provide a more comprehensive framework for considering organizational changes and making resource decisions.

Developing a strategic plan for the federal government would be an important first step in articulating the role, goals, and objectives of the federal government. It could help provide critical horizontal and vertical linkages. Horizontally, it could integrate and foster synergies among components of the federal government as well as help to clarify the role of the federal government vis-à-vis other sectors of our society. Vertically, it could provide a framework of federal missions and goals within which individual federal agencies could align their own missions and goals that would cascade down to individual employees. The development of a set of key national indicators could be used as a basis to inform the development of governmentwide strategic and annual performance plans. The indicators could also link to and provide information to support outcome-oriented goals and objectives in agency-level strategic and annual performance plans.

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### Improving Usefulness of Performance Information

We have found that leading organizations that progressed the farthest to results-oriented management did not stop after strategic planning and performance measurement. They applied their acquired knowledge and data to identify gaps in their performance, report on that performance, and finally use that information to improve their performance to better support their missions.

Performance data can have real value only if they are used to identify the gap between an organization's actual performance level and the performance level it has identified as its goal. Once the performance gaps are identified for different program areas, managers can determine where to target their resources to improve overall mission accomplishment. When managers are forced to reduce their resources, the same analysis can help them target reductions to keep to a minimum the impact on their organization's overall mission.<sup>3</sup>

Under GPRA, agencies produce a single strategic plan, annual performance plan, and annual performance report. However, there are many potential consumers of agencies' performance information—Congress, the public, and the agency itself. One size need not fit all. Clearly, an agency will need more detailed information on its programs for operational purposes than would be suitable for external audiences. Of the six agencies' performance reports we reviewed, some of them provided useful summary tables or information that provided overall snapshots of performance or highlighted progress in achieving key goals. Other reports that lacked such a summary made it difficult to assess the progress achieved.

To improve the prospect that agency performance information will be useful to and used by these different users, agencies need to consider the different information needs and how to best tailor their performance information to meet those needs. For example, we have reported that, although many information needs were met, congressional staff also identified gaps in meeting their information needs.<sup>4</sup> Key to addressing these information gaps was improving communication between congressional staff and agency officials to help ensure that congressional information needs are understood, and that, where feasible, arrangements are made to meet them. Improved two-way communication might also make clear what information is and is not available, as well as what is needed and what is not needed. This might entail the preparation of simplified and streamlined plans and reports for Congress and other external users.

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<sup>3</sup>U.S. General Accounting Office, *Executive Guide: Effectively Implementing the Government Performance and Results Act*, [GAO/GGD-96-118](#) (Washington, D.C.: June 1, 1996).

<sup>4</sup>[GAO/GGD-00-35](#).

Another challenge that limits the usefulness of agency performance reports is the lack of timely data on performance. For the six performance reports we reviewed we continued to observe a significant number of goals for which performance data were unavailable. Policy decisions made when designing federal programs, particularly intergovernmental programs, may make it difficult to collect timely and consistent national data. In administering programs that are the joint responsibility of state and local governments, Congress and the executive branch continually balance the competing objectives of collecting uniform program information to assess performance with giving states and localities the flexibility needed to effectively implement intergovernmental programs.

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### Improving Performance Measures and Data Quality

Another key challenge to achieving a governmentwide focus on results is that of developing meaningful, outcome-oriented performance goals and collecting performance data that can be used to assess results. Performance measurement under GPRA is the ongoing monitoring and reporting of program accomplishments, particularly progress toward preestablished goals. It tends to focus on regularly collected data on the level and type of program activities, the direct products and services delivered by the programs, and the results of those activities. For programs that have readily observable results or outcomes, performance measurement may provide sufficient information to demonstrate program results. In some programs, however, outcomes are not quickly achieved or readily observed, or their relationship to the program is uncertain. In such cases, more in-depth program evaluations may be needed, in addition to performance measurement, to examine the extent to which a program is achieving its objectives.

Given the difficult measurement challenges we have identified, it is all the more important that agency strategic planning efforts include the identification of the most critical evaluations that need to take place to address those challenges. However, our previous work has raised concerns about the capacity of federal agencies to produce evaluations of program effectiveness.<sup>5</sup> Few of the agencies we reviewed deployed the rigorous research methods required to attribute changes underlying outcomes to program activities. Yet we have also seen how some agencies have profitably drawn on systematic program evaluations to improve their measurement of program performance or understanding of performance and how it might be improved.<sup>6</sup> Our review of six agencies' strategic plans and performance reports in this report revealed weaknesses in their discussions of program evaluation. Most of the strategic plans lacked critical information required by GPRA, such as a discussion of how evaluations were used to establish strategic goals or a schedule of future evaluations. Furthermore, two of the six performance reports did not summarize the results of program evaluations completed that year, as required.

Our work has also identified substantial, long-standing limitations in agencies' abilities to produce credible data and identify performance improvement opportunities that will not be quickly or easily resolved.<sup>7</sup> According to our review, five of six agencies' annual performance plans showed meaningful improvements in how they discussed the quality of performance data. However, only DOT's performance plan and report contained information that provided a full level of confidence in the credibility of its performance data. In particular, the plans and reports did not always provide detailed information on how the agencies verified and validated their performance data.

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<sup>5</sup>U.S. General Accounting Office, *Program Evaluation: Agencies Challenged by New Demand for Information on Program Results*, [GAO/GGD-98-53](#) (Washington, D.C.: Apr. 24, 1998).

<sup>6</sup>U.S. General Accounting Office, *Program Evaluation: Studies Helped Agencies Measure or Explain Program Performance*, [GAO/GGD-00-204](#) (Washington, D.C.: Sept. 28, 2000).

<sup>7</sup>[GAO/GGD-00-52](#).

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## Recommendations for Executive Action

To provide a broader perspective and more cohesive picture of the federal government's goals and strategies to address issues that cut across executive branch agencies, we recommend that the Director of OMB fully implement GPRA's requirement to develop a governmentwide performance plan.

To achieve the greatest benefit from both GPRA and PART, we recommend that the Director of OMB articulate and implement an integrated and complementary relationship between the two. GPRA is a broad legislative framework that was designed to be consultative with Congress and other stakeholders, and allows for varying uses of performance information. PART looks through a particular lens for a particular use—the executive budget formulation process.

To improve the quality of agencies' strategic plans, annual performance plans, and performance reports and help agencies meet the requirements of GPRA, we recommend that the Director of OMB provide clearer and more consistent guidance to executive branch agencies on how to implement GPRA. Such guidance should include standards for communicating key performance information in concise as well as longer formats to better meet the needs of external users who lack the time or expertise to analyze lengthy, detailed documents.

To help address agencies' performance measurement challenges, we recommend that the Director of OMB engage in a continuing dialogue with agencies about their performance measurement practices with a particular focus on grant-making, research and development, and regulatory functions to identify and replicate successful approaches agencies are using to measure and report on their outcomes, including the use of program evaluation tools. Additionally, we recommend that the Director of OMB work with executive branch agencies to identify the barriers to obtaining timely data to show progress against performance goals and the best ways to report information where there are unavoidable lags in data availability. Interagency councils, such as the President's Management Council and the Chief Financial Officers' Council, may be effective vehicles for working on these issues.

To facilitate the transformation of agencies' management cultures to be more results-oriented, we recommend that the Director of OMB work with agencies to ensure they are making adequate investments in training on

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performance planning and measurement, with a particular emphasis on how to use performance information to improve program performance.

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## Matters for Congressional Consideration

To ensure that agency strategic plans more closely align with changes in the federal government leadership, Congress should consider amending GPRA to require that updates to agency strategic plans be submitted at least once every 4 years, 12-18 months after a new administration begins its term. Additionally, consultations with congressional stakeholders should be held at least once every new Congress and interim updates made to strategic and performance plans as warranted. Congress should consider using these consultations along with its traditional oversight role and legislation as opportunities to clarify its performance expectations for agencies. This process may provide an opportunity for Congress to develop a more structured oversight agenda.

To provide a framework to identify long-term goals and strategies to address issues that cut across federal agencies, Congress also should consider amending GPRA to require the President to develop a governmentwide strategic plan.

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## Agency Comments

We provided a copy of the draft report to OMB for comment. OMB's written comments are reprinted in appendix VIII. In general, OMB agreed with our findings and conclusions. OMB agreed to implement most of our recommendations, noting that these recommendations will enhance its efforts to make the government more results oriented. OMB agreed to (1) work with agencies to ensure they are provided adequate training in performance management, (2) revise its guidance to clarify the integrated and complementary relationship between GPRA and PART, and (3) continue to use PART to improve agency performance measurement practices and share those practices across government.

In response to our recommendation that OMB fully implement GPRA's requirement to develop a governmentwide performance plan, OMB stated that the President's Budget represents the executive branch's governmentwide performance plan. However, the agency-by-agency focus of the budget over the past few years does not provide an integrated perspective of government performance, and thus does not meet GPRA's requirement to provide a "single cohesive picture of the annual performance goals for the fiscal year." In response to our matter for

congressional consideration that Congress should consider amending GPRA to require the President to develop a governmentwide strategic plan, OMB noted that the budget serves as the governmentwide strategic plan. However, in our opinion, the President's Budget focuses on establishing agency budgets for the upcoming fiscal year. Unlike a strategic plan, it provides neither a long-term nor an integrated perspective on the federal government's activities. A governmentwide strategic plan should provide a cohesive perspective on the long-term goals of the federal government and provide a basis for fully integrating, rather than primarily coordinating, a wide array of federal activities.

We provided relevant sections of the draft report to Education, DOE, HUD, SBA, SSA, and DOT. Education and SBA did not provide any comments, while DOT provided minor technical comments. Written comments from DOE, HUD, and SSA are reprinted in appendixes IX, X, and XI, respectively, along with our responses.

DOE disagreed with portions of our analyses of its 2004 Annual Performance Plan and its 2002 Performance and Accountability Report. Our analysis of DOE's documents was based on specific criteria (see appendixes IV and V for details) and was characterized in relation to our reviews of the other five agencies' documents. We modified or clarified certain characterizations in response to DOE comments, but for the most part found that our characterizations were appropriate.

SSA generally agreed with our observations and agreed to incorporate them in its future planning efforts. SSA made several points of clarification and disagreed with our observation that its performance and accountability report does not clearly state how program evaluations were used to answer questions about program performance and results and how they can be improved. SSA noted that its evaluations rely on surveys, and these surveys form the basis for its efforts to deliver high-quality service. SSA also noted that it lists other evaluations that are of great importance to its ongoing operations. We do not discount the usefulness of SSA's surveys in assessing its day-to-day management of programs. Rather, we believe that it would be helpful for SSA to clearly identify the range of evaluations conducted and how each of them contributed to improved program performance.

HUD noted that all of the areas we suggested for further improvement are under consideration for improvement. However, they disagreed with us on two observations related to the strategic plan: (1) that the link between its



long-term and intermediate goals is difficult to discern and (2) that it did not explain how it used the results of program evaluations to update the current plan and did not include a schedule for future evaluations. On the basis of OMB guidance for preparing strategic plans and the criteria we used to evaluate all six agencies' strategic plans (see app. III for more detail), we maintain that these two observations are valid and require further attention. HUD also disagreed with how we presented the performance information in its summary report cards (see fig. 22). HUD noted that many of the results were explained in the individual indicator write-ups that followed the summary information. Our analysis of HUD's information included qualitative aspects of how the information was presented, such as its usefulness to inform the average reader with little or no exposure to the subject matter, and the extent to which HUD presented a complete summary of performance information in a user-friendly format.

Technical comments from DOE, HUD, and SSA were incorporated, as appropriate.

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# Objectives, Scope, and Methodology

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As agreed with your offices, our objectives for this report were to determine (1) the effect of the Government Performance and Results Act (GPRA) over the last 10 years in creating a governmentwide focus on results and the government's ability to deliver results to the American public, including an assessment of changes in the overall quality of agencies' strategic plans, annual performance plans, and annual performance reports; (2) the challenges that agencies face in measuring performance and using performance information in management decisions; and (3) how the federal government can continue to shift toward a more results-oriented focus. To meet our objectives, we collected governmentwide data to assess the government's overall focus on results. We conducted a governmentwide survey of federal managers, focus groups with federal managers and GPRA experts, and interviews with top appointed officials. We identified and reviewed previously published reports on GPRA. Finally, we selected a sample of agencies to review for changes in the quality of their strategic plans, performance plans, and performance reports since their initial efforts.

We conducted our work from January through November 2003 in Washington, D.C. in accordance with generally accepted government auditing standards. We provided drafts of the relevant sections of this report to officials from each of the agencies whose GPRA reports we reviewed. We also provided a draft of this report to OMB.

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## Methodology for Governmentwide Survey

A Web-based questionnaire on performance and management issues was administered to a stratified random probability sample of 800 persons from a population of approximately 98,000 mid-level and upper-level civilian managers and supervisors working in the 24 executive branch agencies covered by the Chief Financial Officers Act of 1990 (CFO). The sample was drawn from the Office of Personnel Management's (OPM) Civilian Personnel Data File as of December 31, 2002, using file designators indicating performance of managerial and supervisory functions.

The questionnaire was designed to obtain the observations and perceptions of respondents on various aspects of GPRA as well as such results-oriented management topics as the presence, use, and usefulness of performance measures, hindrances to measuring and using performance information, and agency climate. Most of the items on the questionnaire were closed-ended, meaning that depending on the particular item, respondents could choose one or more response categories or rate the strength of their perception on a 5-point extent scale. Almost all the items on this questionnaire were asked in two earlier mail-out surveys. One survey was conducted between November 1996 and January 1997 as part of the work we did in response to a GPRA requirement that we report on implementation of the act. The other survey was conducted between January and August 2000.<sup>1</sup>

This survey covered the same CFO Act agencies and was designed to update the results from the two earlier surveys. Similar to the two earlier surveys, the sample was stratified by whether the manager or supervisor was Senior Executive Service (SES) or non-SES. The management levels covered general schedule (GS), general management (GM), or equivalent schedules at levels comparable to GS/GM-13 through career SES or equivalent levels of executive service. The sample also included the same or equivalent special pay plans that were covered in our 2000 survey, e.g., Senior Foreign Service executives.

We sent an e-mail to members of the sample that notified them of the survey's availability on the GAO Web site and included instructions on how to access and complete the survey. Members of the sample who did not respond to the initial notice were sent up to two subsequent reminders asking them to participate in the survey. The survey was administered from June through August 2003.

During the course of the survey, we deleted 26 persons from our sample who had either retired, separated, died, or otherwise left the agency or had some other reason that excluded them from the population of interest. We received useable questionnaires from 503 sample respondents, about 65 percent of the eligible sample. The eligible sample includes 39 persons that

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<sup>1</sup>For information on the design and administration of the two earlier surveys, see [GAO/GGD-97-109](#), [GAO-01-127](#), and U.S. General Accounting Office, *Managing For Results: Federal Managers' Views on Key Management Issues Vary Widely Across Agencies*, [GAO-01-592](#) (Washington, D.C.: May 25, 2001).

we were unable to locate and therefore unable to request that they participate in the survey.

To assess whether the views of those individuals who chose not to participate in our survey might be different than those who did, we made an effort to administer a brief survey over the telephone to those individuals who still had not responded about a month or more after the survey had been available to them despite being contacted twice after the initial notification e-mail had been sent out. This telephone survey consisted of four items from the full survey. There were 58 persons who agreed to answer these questions over the telephone. This was 41 percent of those individuals who had not responded at the time we attempted to contact them for the purpose of asking these four questions.

We analyzed the responses of this group on the four selected items compared to the responses received from all other respondents. Our analyses of the items showed very few differences between nonresponders and responders. There was no sufficient or consistent pattern of responding that would warrant a conclusion that the views of nonresponders were notably different than responders. The responses of each eligible sample member who provided a useable questionnaire were subsequently weighted in the analysis to account statistically for all the members of the population.

The overall survey results are generalizable to the population of managers as described above at the CFO Act agencies. All results are subject to some uncertainty or sampling error as well as nonsampling error. As part of our effort to reduce nonsampling sources of error in survey results, we checked and edited (1) the survey data for responses that failed to follow instructions and (2) the programs used in our analyses. In general, percentage estimates in this report for the entire sample have confidence intervals ranging from about  $\pm 4$  to  $\pm 11$  percentage points at the 95 percent confidence interval. In other words, if all CFO Act agency managers and supervisors in our population had been surveyed, the chances are 95 out of 100 that the result obtained would not differ from our sample estimate in the more extreme cases by more than  $\pm 11$  percent. Appendix VI shows the questions asked with the weighted percentage of managers responding to each item.

Because a complex sample design was used in the current survey as well as the two previous surveys and different types of statistical analyses are being done, the magnitude of sampling error will vary across the particular

surveys, groups, or items being compared due to differences in the underlying sample sizes and associated variances. The number of participants in the current survey is only about one fifth of the number in the 2000 survey (2,510) and slightly more than half of those in the first survey (905). The 2000 survey was designed with a larger sample than the other two surveys in order to provide estimates for each individual agency as well as all the CFO Act agencies collectively. Consequently, in some instances, a difference of a certain magnitude may be statistically significant. In other instances, depending on the nature of the comparison being made, a difference of equal or even greater magnitude may not achieve statistical significance. For example, when comparing a result from the current survey to the larger 2000 survey with its relatively smaller confidence interval, a difference of a certain magnitude may be significant. However, when comparing the current survey with the first survey, that difference may not be significant given the greater imprecision in the estimates due to both surveys' smaller sample sizes. We note throughout the report when differences are significant at the .05 probability level.

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## Methodology for Focus Groups

We held a series of focus groups as one of our methods for obtaining information about the accomplishments and challenges agencies face in implementing and overseeing GPRA-related activities. Focus groups are a form of qualitative research in which a specially trained leader, a moderator, meets with a small group of people (usually 8 to 10) who are knowledgeable about the topics to be discussed.

In all, we conducted eight focus groups—one with experts on GPRA and performance management and seven with federal managers. For our focus group with experts, we invited individuals from the private sector, academia, the National Academy of Public Administration, and OMB. These individuals were involved either in drafting GPRA, overseeing its implementation, or studying and critiquing implementation, from outside government. Out of the 14 experts we invited, a total of 11 attended the focus group.

For our focus groups with agency managers, we obtained a list of potential participants for our focus groups by contacting all 24 CFO Act agencies and requesting that they submit a list of candidates and their profiles based on the following criteria: federal managers (1) in the GS-13 pay grade and above, including members of the SES; (2) having at least 3 years of managerial experience; (3) currently located in the Washington, D.C., metropolitan area; (4) having hands-on experience with GPRA or performance management;<sup>2</sup> and (5) representing both departments and their component bureaus. We received profiles of candidates from all agencies; however, no managers from the OPM chose to participate in the focus groups.

To select focus group participants, we reviewed the profiles submitted by agencies and selected candidates with diverse experience who held a variety of different positions within the agency in order to capture a broad range of perspectives. For example, we invited a comptroller; a deputy director of management, administration, and planning; budget directors; budget officers; management analysts; and program managers; among others. We contacted the candidates and provided them with the list of questions to be discussed at the focus group in advance so they would be aware of our interests and be better able to provide us, where possible, with examples to illustrate their responses to our questions. Out of 104 agency officials we invited, 70 participated in the focus groups.<sup>3</sup>

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<sup>2</sup>For example, candidates could be operations managers with hands-on experience managing a federal program or agency officials directly involved in carrying out the activities required under GPRA, such as developing a strategic or annual performance plan or annual performance report.

<sup>3</sup>Due to last minute circumstances, a federal manager participated via teleconference from an agency's field office and another was unable to attend the focus group, but mailed his answers to questions we sent to all participants in advance of the focus groups.

During each session, the moderator explained the scope of our work and elaborated on how the focus groups were one of several methods we were using to collect information relevant to our objectives. As part of the focus group process, the moderator asked participants at each session to identify the main accomplishments and challenges that, in their view, could be attributed to GPRA and to mention possible solutions to these challenges. During the sessions, we created lists of the accomplishments, challenges, and solutions identified by group participants and posted these lists around the meeting room. Participants were then asked to review the lists and vote on the three most important accomplishments and the top three challenges.<sup>4</sup>

To organize the information collected during the focus groups, we reviewed the statements made by participants in response to our questions. We identified related sets of statements and summarized them as a general theme. We noted how often a theme was expressed both within and across each focus group. We also examined the number of votes each posted statement obtained. Our analysis focused on those themes that were supported by statements that obtained a high number of votes and were mentioned frequently within and across the majority of focus groups.

The focus group results discussed in this report are summary descriptions reflecting the range of views and perceptions held by employees, supervisors, or project managers who participated in the focus groups. Although we cannot assume all federal managers share these views, the extent to which certain opinions or perceptions were repeatedly expressed or endorsed by many participants from multiple focus groups provides a rough gauge of the significance of these views.

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## Methodology for Interviews with Political Appointees

To obtain an additional perspective from top political managers of federal agencies on GPRA, we held telephone or in-person interviews with 10 high-level officials serving under political appointments with CFO Act agencies. Five former officials from the Clinton administration and five serving under the current Bush administration were interviewed. For example, we interviewed deputy secretaries, chief financial officers, and deputy assistant secretaries for management. We asked them to provide their perspective on the main accomplishments or other effects of GPRA, the

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<sup>4</sup>We read the list of comments to the manager who participated via teleconference and voted on his behalf based on his preferences.

key challenges to implementation, and possible improvements to GPRA. We summarized the interviewees' answers and identified recurring themes or observations for our analysis.

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## Methodology for Selecting Agencies to Review for Changes in the Quality of Their Strategic Plans, Annual Performance Plans, and Annual Performance Reports

To address how the quality of agency strategic plans, performance plans, and performance reports have changed since their initial efforts, we reviewed a sample of six agencies' current strategic plans, annual performance plans, and annual performance reports and compared the results to our findings from prior reviews of the agencies' initial efforts in producing these documents. We did not independently verify or assess the information we obtained from agency plans and reports. If an agency chose not to discuss its efforts concerning elements in the plans and reports, it does not necessarily mean that the agency is not implementing those elements.

We selected the departments and agencies to review based on the extent to which they collectively represented the full range of characteristics in the following four areas: (1) agency size (small, medium, large); (2) primary program types (direct service, research, regulatory, transfer payments, and contracts or grants); (3) quality of fiscal year 2000 performance plan based on our previous review (low, medium, high);<sup>5</sup> and (4) type of agency (cabinet department and independent agency).

Based on these characteristics, we selected the following departments and agencies:

- Department of Education (Education),
- Department of Energy (DOE),
- Department of Housing and Urban Development (HUD),
- Small Business Administration (SBA),

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<sup>5</sup>GAO/GGD/AIMD-99-215. Based on how we had rated agencies' annual performance plans on their picture of performance, specificity of strategies and resources, and the degree of confidence that performance information will be credible, we assigned numeric values to each agencies' rating (e.g., clear=3, general=2, limited=1, unclear=0) and added them up to determine overall quality of high, medium, or low. An agency's plan was considered high quality if its score was between 7-9, a score of 5-6 was considered medium quality, and a score of 3-4 was low. No agencies received a score lower than 3.



- Social Security Administration (SSA), and
- Department of Transportation (DOT).

Table 4 shows the characteristics represented by each of these agencies.

**Table 4: Summary of Characteristics of Agencies Selected for Review of Strategic Plans, Annual Performance Plans, and Annual Performance Reports**

Departments	Size <sup>a</sup>		Functions					Quality of fiscal year 2000 performance plans
	Full time equivalent positions	Small (S), medium (M), large (L)	Research	Direct service	Regulatory	Transfer payments	Grants/ contracts	Low (L), medium (M), high (H)
Education	4,756	S	X	X	X	X	X	M
DOE	16,067	M	X		X		X	L
HUD	10,752	M		X	X	X	X	M
DOT	135,022 <sup>b</sup>	L	X	X	X		X	H
<b>Agencies</b>								
SBA	4,005	S		X	X		X	L
SSA	64,418	L		X		X		H

Source: GAO.

<sup>a</sup>The size of the agencies is based on data from December 2002.

<sup>b</sup>In March 2003, the U.S. Coast Guard and the Transportation Security Administration (TSA) were transferred from DOT to the Department of Homeland Security. According to the fiscal year 2005 *President's Budget*, in fiscal year 2003, the Coast Guard and TSA had 43,702 and 57,324 full-time equivalent positions, respectively.

A more detailed discussion of the criteria we used to assess the quality of the agencies' planning and reporting documents and the results of our review is contained in appendixes III, IV, and V.

# Focus Group Participants Agreed GPRA Provides a Framework for Federal Agencies to Become More Results Oriented

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While GPRA's goal is to make the federal government more results oriented, work carried out in support of this effort, such as planning activities, implementing programs, reporting on outcomes, and evaluating performance, generally lies in the hands of federal managers. To get a better appreciation for the main accomplishments and challenges agencies face in implementing and overseeing GPRA-related activities, we conducted a total of seven focus groups comprised of federal managers from 23 CFO Act agencies, and an eighth focus group comprised of 11 experts on GPRA and performance management and budgeting.

For our focus groups, we asked participants to discuss (1) the key accomplishments of GPRA to date, (2) whether GPRA has created a focus on achieving results across the federal government, (3) the effect of GPRA on the government's ability to deliver results to the American public, (4) the persistent and prevalent challenges agencies face in implementing and overseeing GPRA-related activities, and (5) suggestions to address these challenges.

We recorded the views expressed by participants and categorized them into themes that were most commonly expressed or endorsed both within and across the groups. The focus group results discussed in this report are organized according to the themes we identified and are summary descriptions reflecting the range of views and perceptions expressed by the experts, supervisors, and project managers. A more complete discussion of our scope and methodology can be found in appendix I.

Focus group participants indicated that GPRA has helped to make the federal government more results oriented. However, they noted that a number of obstacles have made GPRA implementation challenging, such as difficulty in establishing results-oriented goals and measuring performance, addressing frequently changing priorities resulting from changes in administration, and lack of top leadership support for GPRA. In all, participants generally perceive the information contained in GPRA reports to be important and useful; however, they do not believe that lawmakers use this information to make resource decisions or conduct oversight. To address these problems and concerns, focus group participants stated that, among other things, Congress should provide guidance to agencies on how to make GPRA reports more useful, OMB should reinforce its value as a management tool, and agencies need to commit the resources necessary to carry out GPRA-related activities.

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## GPRA Accomplishments

Overall, focus group participants stated that GPRA has had a positive effect on federal agencies' efforts to become more results oriented. Based in statute, GPRA has created a framework for agencies to focus on achieving results by requiring them to establish program goals and objectives, develop performance indicators, and measure the extent to which they have made progress towards achieving program goals. As a result, federal managers noted that they have been increasingly able to view their programs in terms of outcomes, not outputs, and have been generally learning how to use this framework as a management tool. Participants also attributed a series of cultural changes within federal agencies to GPRA, where problem solving, creative thinking, and agencywide discussions on budget and performance have become more common. The strategic and annual performance plan and performance reports that federal agencies are required to submit to OMB and Congress under GPRA have increased the transparency of government activities. These documents have also helped agencies justify their budget requests based on their performance.

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## Creating a Framework in Statute and a Management Tool for Agency Leadership

Participants agreed that GPRA created a framework in statute for federal agencies to plan their activities in order to become more results oriented and provided a managerial tool for program accountability. Using this framework, agencies can develop and focus on strategies to carry out the programs they administer; set goals and identify performance indicators that will inform them whether or not they achieved the performance they expected; and determine what impact, if any, their programs have had on the American public. According to the experts in one of our focus groups, comparing federal agencies' current mission statements contained in their strategic plans to what they were in the past demonstrates that agencies have done some "soul searching" to get a better sense of what their role is (or should be) and how they can achieve it. Given that GPRA is in statute, the use of this planning framework is likely to be sustained within agencies.

Participants also mentioned that GPRA has encouraged federal managers to view their programs in terms of results, not just inputs and outputs. Such a change is important, as it has encouraged federal managers to reflect on the statutory intent of their programs and use this framework as a management tool for establishing accountability within their programs.

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## Cultural Change within Federal Agencies

Participants in the majority of focus groups agreed that GPRA has been a driving force behind many cultural changes that have occurred within federal agencies. Highlighting the focus on results, participants stated that GPRA has stimulated a problem-solving approach within federal agencies and encouraged them to think creatively when developing performance indicators for their programs. GPRA has also changed the dialogue within federal agencies; front-line managers and staff at lower levels of the organization now discuss budget issues in connection with performance. Similarly, experts noted that performance management and resource investments are more frequently communicated between agency officials and Congress than in the past. Within agencies, GPRA documents can provide a context of missions, goals, and strategies that political appointees can use to articulate agencies' priorities.

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## Increased Transparency of Government Results

Some participants agreed that GPRA has increased federal agencies' ability to present their results to the American public, benefiting both stakeholders and agency staff. On the one hand, GPRA reports enable federal agencies to communicate the results of government programs and activities to a broad public. For example, GPRA reports are available on agencies' Web sites and provide information to OMB, Congress, and the American public on what agencies plan to do, how they plan to do it, and, as summarized in the performance and accountability reports, what agencies have accomplished and how much money it cost them to do it.

Similarly, some participants agreed that GPRA allows federal employees to see exactly how their work can produce a positive outcome, increasing employee morale. Using information contained in GPRA reports, agency employees can compare department goals to the results of their activities, and see how their work contributes to these goals. For example, a focus group participant from the Indian Health Service in California stated that he was pleased to learn that health care indicators of some Native American tribes had already exceeded levels originally projected by his agency to be reached by the year 2010.

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## Link between Budget and Performance

Participants also agreed that the GPRA framework has had a positive effect on agencies' ability to link their performance to their budget. By focusing on their mission and outcomes, agencies are learning to prioritize activities and align their resources to ensure that they will be able to achieve results. For example, a participant stated that the National Wild Horse and Burro

Program, managed by the Bureau of Land Management in the U.S. Department of the Interior, recently developed a model for its GPRA-related work which divided their program into discrete components, identifying the results it could accomplish in the short- and long-term and specifying what additional resources were needed. According to the participant, the program received additional funding based on this needs assessment.

In addition, a few managers noted that the link between budget and performance has given agencies an incentive to commit the resources necessary to modernize information systems. Having the right information on time enables agencies to integrate budget requests and performance information in ways that are more meaningful. This information also increases Congress's ability to make informed budget decisions based on agency performance.

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## Views on Delivering Results to the American Public Were Mixed

Participants' views on whether GPRA has helped agencies deliver results to the American public were generally mixed. Some federal managers in our focus groups agreed that GPRA has had a positive effect on raising awareness on many issues, and that in and of itself is a way of delivering results. The information gathered and reported for GPRA allows agencies to make better-informed decisions, which improves their ability to achieve results. Of note, GPRA has allowed agencies to move towards performance-based budgeting, which helps agencies identify resources available to use in programs where outcomes can be achieved. For example, programs and expenses that do not add value to the agency's mission could be eliminated. Having performance data readily available is another key area where GPRA has enabled agencies to deliver results to the American public.

Other participants stated that while certain aspects of GPRA-related work have been positive, agencies' ability to deliver results and public awareness of their activities cannot always be exclusively attributed to GPRA. For example, while measuring performance is a move in the right direction, GPRA reports provide too many indicators and it is unclear how this has led to better performance among federal agencies. A few participants also stated that agencies deliver results in ways that the American public does not fully recognize. For example, a participant stated that agencies working in the area of international relations generally lack recognition for the results of their activities, as the American public is generally unfamiliar with the nuances of foreign policy and all the programs the U.S.

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government finances overseas. And while GPRA has helped these agencies prioritize their work to achieve results, it is unclear that GPRA has improved the visibility and understanding in the public eye of what these agencies do because the American public does not see the results of their work. A participant stated that research-based agencies have also used GPRA to plan activities that benefit the American public in ways they are not fully aware of. For example, National Aeronautics and Space Administration's (NASA) space program includes, among other things, predicting whether or not an asteroid will strike the earth, although on a daily basis the American public is probably not worried about such a rarity.

For other participants, the link between GPRA and agencies' service delivery was not clear. Participants characterized GPRA-related activities as time consuming, and there is no real evidence that this work has improved their ability to deliver results to the American public. Other participants stated that many agencies rely on grant recipients to carry out their work, and delivering results to the American public depends, to a large extent, on the diligence of these organizations to implement their programs. Overall, they held the view that performance would not change dramatically if GPRA were no longer a requirement for federal agencies.

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## **Alternate Views on GPRA's Effect**

Participants in one of our focus groups stated that GPRA, per se, had not led federal agencies to achieve specific accomplishments. These participants believed that managers' initiative, not the framework established by GPRA, has been key to improving agencies' planning efforts and focus on results. A few participants also mentioned that the results framework established by GPRA is somewhat intangible unless managers can use it effectively; without the adequate infrastructure to implement GPRA, an agency's compliance with the law is simply paperwork, as GPRA does not allow for a systematic and thorough approach to performance management. For example, while agencies can develop performance indicators to gauge progress towards a program goal, they often encounter problems in collecting relevant data and measuring the agencies' contribution to a specific outcome. In addition, agencies are not able to make changes to the programs they manage, limiting their ability to deliver results.

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## Challenges in Implementing and Overseeing GPRA Activities

Participants stated that agencies face significant challenges in complying with GPRA-related activities. Focus group participants also agreed Congress does not appear to use agencies' performance information when making budget decisions. In carrying out GPRA-related activities, managers find it difficult to identify performance indicators and establish program goals that are results oriented, as required by GPRA. In addition, a few participants stated that they lack the support from senior management to work on GPRA activities. Changes in administration also tend to disrupt progress made by agencies in support of GPRA.

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## Performance Information Not Used

Participants strongly believed that Congress does not take into account agencies' performance information when overseeing agency activities and making budget decisions. As a result, there is a negative effect on how agencies view their efforts in producing GPRA plans and reports—many believe that they are less worthwhile than the effort and resources invested. On the other hand, participants perceive the budget process strictly as a political exercise, and it is unclear how useful performance information can be in this context.

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## Complexity of Establishing Results-Oriented Goals and Measuring Performance

Participants stated that establishing results-oriented goals and identifying performance indicators are generally complex undertakings. Participants agreed that they often feel as if they were trying to measure the immeasurable, not having a clear understanding of which performance indicators could accurately inform the agency how it is carrying out a specific activity. And while agencies generally try to improve the indicators from one year to another, in doing so, they generally lose their ability to develop trend information to track progress made over time.

Participants also mentioned that there appears to be a disconnect between some federal programs that generally produce results over a longer time period and GPRA's requirement that agencies report annually on their progress towards achieving their goals. Participants stated that federal programs, especially those that are research-based, often take years to achieve the full scope of their work. Consequently, and for reasons that range from lack of performance data to an absence of short-term outcomes, it could appear as though resources invested in carrying out their activities led to no results in the short run.

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Focus group participants generally agreed that in cases where third parties, such as states or localities, implement federal programs, some agencies face challenges in obtaining timely performance data from relevant partner organizations. In some instances, federal managers have trouble identifying what the government's contribution has been to a specific outcome. While the experts generally attributed this to agencies not doing a good job at setting appropriate goals and the corresponding measures and objectives not being clear enough, managers stated that their lack of control over grantees and the strict reporting deadlines imposed by GPRA were factors that worked against their efforts to deliver results.

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**Managing Strategically with**  
**Frequently Changing**  
**Priorities**

Some participants stated that it is difficult for them to manage strategically, given the frequently changing priorities that come with changes in administrations. While GPRA requires an agency to develop a strategic plan at least every 3 years to cover the following 5-year period, participants agreed that it makes little sense to update it shortly before a new administration is scheduled to take office. In addition, changes in political leadership generally result in a new agenda with new objectives. These changes force agencies to revise their plans, management initiatives, and strategies, which translate into additional GPRA-related work, generally characterized by focus group participants as a burden agency staff must add to their normal work load.

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**Lack of Top Leadership**  
**Support**

Some participants stated that they often encounter resistance from agency leadership to endorse GPRA-related activities. In some instances, senior-level support for GPRA falters or is nonexistent. Participants attributed this to the reluctance within some federal agencies to think about outcomes and performance. Some focus group participants stated that in some instances high-level managers are somewhat averse to being held accountable for the results of programs they run.

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**Suggestions to Address**  
**GPRA Challenges**

To address these challenges, focus group participants made the following suggestions.



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**Congress Should Clarify  
How Performance  
Information Could Be More  
Useful**

Congressional staff should provide guidance on agencies' GPRA submissions—specifically, how information could be presented in the reports to make it more useful in the decision-making process. They could also communicate to agencies how the performance information is being used, so that agencies do not perceive their data gathering efforts as inconsequential. Additionally, in using performance information to make budget decisions, Congress should consider the results achieved by agencies in addition to results not achieved.

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**The Administration and  
OMB Need to Reinforce the  
Value of GPRA as a  
Management Tool**

Agencies should embrace GPRA as a management tool, not just an external requirement that is separate from their day-to-day activities. To this end, the administration and OMB need make sure agency officials understand how GPRA can be further integrated with other management initiatives.

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**Agency Guidance on GPRA  
Should Recognize Diversity  
of Federal Agencies**

OMB's guidance to agencies on how to implement GPRA should recognize that one-size-fits-all approaches are unlikely to be useful. OMB should also afford agencies some flexibility by simplifying the reporting process. For example, some participants believed that not everything needed to be measured. OMB should make exceptions for unique situations and programs, e.g., science programs, and it could consider providing multiyear funding for them.

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**OMB Should Publish a  
Governmentwide  
Performance Report**

OMB should commit to regularly publishing a governmentwide performance report that would articulate the government's accomplishments to the public. It would also be useful if it singled out higher-performing programs so agencies could use them as models to guide their planning efforts.

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**Agencies Need to Obtain  
and Commit Resources to  
Carry Out GPRA-Related  
Activities**

Agency leadership needs to ensure that staff members have the necessary resources to work on GPRA-related activities. In addition, they need to invest resources to train staff, including political appointees, on GPRA and the benefits of linking budget to performance.

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**Timing of GPRA Reports**  
**Should Take into Account**  
**Changes of Administration**

Under GPRA, agencies are to update their strategic plans every 3 years. However, this effort can be wasted. Given that federal administrations generally span at least 4 years, participants suggested that the required update be changed to every 4 years to correspond with new presidential terms.

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**Agencies Should Share**  
**Experiences on How to**  
**Address Common Problems**

Agencies should collaborate more to develop strategies to address difficult issues, such as how to identify performance indicators and measure agency contributions to specific outcomes. It would be useful if more agencies created structured forums for managers to share experiences, talk about effective practices, and share solutions.

# Observations on Agencies' Strategic Plans

Under GPRA, strategic plans are the starting point and basic underpinning for results-oriented management. One of our objectives was to assess the changes in the overall quality of agencies' goals, strategies, and data articulated in their strategic plans. To meet this objective, we judgmentally selected six agencies—Education, DOE, HUD, SBA, SSA, and DOT—using criteria such as agency size, primary program types, and previous GAO reviews. To assess the overall quality and improvements made to the agencies' strategic plans, we relied on requirements contained in GPRA and accompanying committee report language,<sup>1</sup> guidance to agencies from OMB for developing strategic plans,<sup>2</sup> previous GAO reports and evaluations,<sup>3</sup> and our knowledge of agencies' operations and programs. In conducting our reviews, we compared our assessments of agencies' current strategic plans to our assessments of draft plans from fiscal year 1997.<sup>4</sup> A more detailed discussion of our scope and methodology can be found in appendix I.

## Required Elements of Agency Strategic Plans

GPRA requires an agency's strategic plan to contain six key elements:

1. **A comprehensive agency mission statement.** The agency mission statement should concisely summarize what the agency does, as required by law, presenting the main purposes for all its major functions and operations. According to OMB guidance issued in 2002, a mission statement is brief, defining the basic purpose of the agency, and corresponds directly with an agency's core programs and activities. The program goals should flow from the mission statement as well. The federal government's adaptive responses over time to new needs and problems have contributed to fragmentation and overlap in a host of program areas, such as food safety, employment training, early childhood development, and rural development, which could limit the

<sup>1</sup>*Government Performance and Results Act of 1993*, Committee on Governmental Affairs, United States Senate, S. Rpt. No. 58, 103d Cong. 1st Sess. (1993).

<sup>2</sup>Office of Management and Budget, Circular No. A-11, *Part 6, Preparation and Submission of Strategic Plans, Annual Performance Plans, and Annual Program Performance Reports* (Washington, D.C.: June 2002).

<sup>3</sup>U.S. General Accounting Office, *Agencies' Strategic Plans Under GPRA: Key Questions to Facilitate Congressional Review*, [GAO/GGD-10.1.16](#) (Washington, D.C.: May 1, 1997).

<sup>4</sup>[GAO/HEHS-97-176R](#); [GAO/RCED-97-199R](#); [GAO/RCED-97-208R](#); [GAO/HEHS-97-179R](#); [GAO/RCED-97-205R](#); and [GAO/RCED-97-224R](#).

overall effectiveness of the federal effort. The mission statement helps to distinguish agencies' roles from one another and reduce the overlap and identify areas needing coordination and collaboration.

2. **Agencywide long-term goals and objectives.** General goals and objectives—or strategic goals—explain what results are expected from the agency's major functions and when to expect those results. Thus, such goals are an outgrowth of the mission and are very often results oriented. OMB guidance states that the goals should be defined in a manner that allows a future assessment to be made on whether the goal was or is being achieved. General goals should predominately be outcomes, and are long-term in nature.
3. **Approaches or strategies to achieve goals and objectives.** Strategies help in aligning an agency's activities, core processes, and resources to support achievement of the agency's strategic goals and mission. Under GPRA, strategies are to briefly describe the operational processes, staff skills, and technologies, as well as the human, capital, information, and other resources needed. According to OMB guidance, descriptions should be brief, but more detailed data should be provided if a significant change in a particular means or strategy would be essential for goal achievement. In addition, the plan should summarize agencies' efforts to provide high-quality and efficient training and skill improvement opportunities for employees. As we have reported previously, agencies' planning processes should support making intelligent resource allocation decisions that minimize, to the extent possible, the effect of funding reductions on mission accomplishment.
4. **A description of the relationship between long-term and annual goals.** Under GPRA, agencies' long-term strategic goals and objectives are to be linked to their annual performance plans and the day-to-day activities of their managers and staff. Without this linkage, Congress may not be able to judge whether an agency is making progress toward achieving its long-term goals. OMB guidance states that an updated and revised strategic plan should briefly outline (1) the type, nature, and scope of the performance goals being included in annual performance plans and (2) how these annual performance goals relate to the long-term, general goals and their use in helping determine the achievement of the general goals.
5. **An identification of key external factors.** Identification of key factors, external to the agency and beyond its control that could

significantly affect the achievement of the strategic goals, are important for Congress or the agencies to judge the likelihood of achieving the strategic goals and actions needed to better meet those goals. Such external factors could include economic, demographic, social, technological, or environmental factors. Information on these factors can be useful for goal setting and also for explaining results in the agency's annual performance reports, including, when applicable, the reasons annual performance goals were not met. According to OMB guidance, if key factors cannot be identified, a statement of explanation should be included in the plan.

6. **A description of program evaluations.** Finally, strategic plans should include a description of completed program evaluations that were used in developing the strategic plan, and a schedule for future program evaluations. Program evaluations can be a potentially critical source of information for Congress and others in ensuring the validity and reasonableness of goals and strategies, as well as for identifying factors likely to affect performance. Such information can also be useful in explaining results in an agency's annual performance report, including, when applicable, the reasons annual performance goals were not met, and identifying appropriate strategies to meet unmet goals. Program evaluations are defined in the act as objective and formal assessments of the results, impact, or effects of a program or policy. The evaluations include assessments of the implementation and results of programs, operating policies, and practices.

In addition to the six key elements, OMB guidance also states that agencies participating in crosscutting programs should describe in their strategic plans how the programs are related and how coordination will occur to support common efforts. Uncoordinated program efforts can waste scarce funds, confuse and frustrate program customers, and limit the overall effectiveness of the federal effort. OMB guidance also states that the strategic plan should include a brief description of any steps being taken to resolve mission-critical management problems. One purpose of GPRA is to improve the management of federal agencies. Therefore, it is particularly important that agencies develop strategies to address management challenges that threaten their ability to meet long-term strategic goals as well as this purpose of GPRA.

As shown in table 5, the majority of agencies have made progress in addressing the required elements of strategic planning under GPRA.

**Appendix III  
Observations on Agencies' Strategic Plans**

**Table 5: Agencies' Progress in Addressing Required Elements of Strategic Planning under GPRA**

Agency strategic plans	Plan year	Element included in agency strategic plan?					
		Mission statement	Long-term goals	Strategies	Relationship between long-term goals and annual goals	External factors	Evaluations
Department of Education	1997	X	X	X		X	X
	2002	X	X	X	X	X	
Department of Energy	1997	X	X	X			
	2003 <sup>a</sup>	X	X	X	X	X	
Department of Housing and Urban Development	1997		X				
	2003	X	X	X	X	X	
Small Business Administration	1997	X	X	X		X	
	2001 <sup>b</sup>	X	X	X	X	X	
Social Security Administration	1997	X	X	X	X	X	X
	2003	X	X	X	X	X	X
Department of Transportation	1997	X	X				X
	2003 <sup>a</sup>	X	X	X	X	X	

Sources: GAO/GGD-10.1.16; GAO/HEHS-97-176R; GAO/RCED-97-199R; GAO/RCED-97-208R; GAO/HEHS-97-179R; GAO/RCED-97-205R; GAO/RCED-97-224R; and GAO analysis of U.S. Department of Education, *Office of the Deputy Secretary, Planning and Performance Management Service, U.S. Department of Education Strategic Plan 2002-2007* (Washington, D.C.: 2002); Department of Energy, *2003 Strategic Plan (Draft)* (Washington, D.C.: 2003); Department of Transportation, *U.S. Department of Transportation Draft Strategic Plan for Fiscal Years 2003-2008* (Washington, D.C.: 2003); Social Security Administration, *Social Security Administration Strategic Plan 2003-2008* (Washington, D.C.: 2003); U.S. Department of Housing and Urban Development, *Strategic Plan FY 2003-FY 2008* (Washington, D.C.: 2003); and Small Business Administration, *SBA Strategic Plan, FY 2001-FY 2006* (Washington, D.C.: 2000).

<sup>a</sup>The 2003 plans for DOE and DOT were in draft form during the time of our review.

<sup>b</sup>At the time of our review, the most recent SBA strategic plan was for fiscal years 2001-2008. SBA released a new strategic plan for fiscal years 2003-2008 in October 2003.

The remainder of this appendix discusses our observations on how the quality of each of the agencies' strategic plans we reviewed has changed since the agencies submitted their first draft strategic plans in 1997. We did not independently verify or assess the information we obtained from agency strategic plans. If an agency chose not to discuss its efforts concerning elements in the strategic plan, it does not necessarily mean that the agency is not implementing those elements.

## Observations on Changes in the Quality of Education's Strategic Plan

In our review of Education's June 1997 draft strategic plan,<sup>5</sup> we found that the plan generally complied with GPRA and included all but one of the six elements required by GPRA; it did not discuss how Education's long-term goals and objectives would be related to its annual performance goals. Also, we observed that the plan presented a logical, fairly complete description of how Education intended to achieve its mission, but a few areas could have been improved. In comparison, Education's 2002-2007 strategic plan has improved on several areas we identified in our 1997 review. However, we still found areas where Education could improve. Table 6 summarizes these findings.

**Table 6: Education's Progress in Addressing Required Elements of Strategic Planning under GPRA**

Element of strategic planning	Included in initial draft strategic plan	Included in current strategic plan
Mission statement	Yes. Mission statement clearly and briefly explained why the agency exists, what the agency does, and how it performs its work.	Yes. Mission statement is outcome oriented, comprehensive, covers all of the agency's functions and activities, and is the same as in the 1997 draft plan.
Long-term goals	Yes. These goals were related to the mission and were results oriented, but did not appear to reflect civil rights enforcement and monitoring responsibilities.	Yes. The goals have changed, but are related to each other and the mission and are results oriented. They now additionally reflect civil rights enforcement and monitoring responsibilities.
Strategies	Yes. The plan outlined strategies to achieve goals overall and to hold managers accountable for achieving objectives, and generally described some of its resource requirements throughout the plan.	Yes. The plan includes strategies that are linked to the goals. Several strategies relate to resource alignment to achieve outcomes, but the actual resources required are not always specified.
Relationship between long-term goals and annual goals	No. Education did not discuss the relationship between its strategic plan goals and those to be included in its annual plan, but indicated this would be done once its annual plan was prepared.	Yes. Plan contains the annual performance measures and targets, which represent the annual performance goals, and aligns them with long-term goals, with which they have a logical relationship.
External factors	Yes. The plan generally described factors outside program scope and responsibilities that could negatively affect Education's ability to achieve goals, but factors were not directly linked to particular goals.	Yes. The plan adequately describes external factors that could affect achieving its goals and they are linked to the particular goals. The plan also briefly discusses strategies to ameliorate the effects of a number of these factors.

<sup>5</sup>GAO/HEHS-97-176R.

**Appendix III  
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*(Continued From Previous Page)*

<b>Element of strategic planning</b>	<b>Included in initial draft strategic plan</b>	<b>Included in current strategic plan</b>
Evaluations	Yes. Education said it would provide detailed descriptions of supporting evaluations once it consulted with Congress, completed the strategic plan, and agreed on performance indicators. The plan indicated a commitment to using evaluations, listing evaluations it intended to use to develop sound measures, but did not describe the evaluations.	No. Because of the comprehensive revamping of Education's strategic plan in 2002, its program evaluation plan was completely restructured and was not released until it was included in the 2004 annual plan, <sup>a</sup> which contains information on its new directions for program evaluation.

Sources: GAO/HEHS-97-176R; U.S. Department of Education, Office of the Deputy Secretary, Planning and Performance Management Service, *U.S. Department of Education Strategic Plan 2002-2007* (Washington, D.C.: 2002).

<sup>a</sup>According to OMB Circular No. A-11, *Part 6, Preparation and Submission of Strategic Plans, Annual Performance Plans, and Annual Program Performance Reports*, June 2002, general goals, which are multiyear and long term, are synonymous with general objectives, and either term can be used. The objectives in Education's strategic plan are such multiyear, long-term objectives, and are referred to in our report as the agency's "long-term goals." OMB's Circular A-11 also indicates that some agencies include strategic goals in their strategic plan, which represent overarching statements of aim or purpose whose achievement cannot be determined and which can be used to group outcome or output goals. Education's strategic goals meet this description.

**Current Strategic Plan Strengths and Improvements from Fiscal Year 1997 Draft Strategic Plan**

Education's current mission, "to ensure equal access to education and to promote educational excellence throughout the nation," is the same comprehensive, outcome-oriented mission that was included in its 1997 draft plan. All of Education's functions and activities are covered by it. The plan's long-term goals<sup>6</sup> are expressed so as to allow Education and Congress to assess whether they are being achieved. Moreover, in contrast to findings in our review of Education's 1997 Draft Strategic Plan, Education's civil rights responsibilities—including enforcing five civil right statutes that ensure equal educational opportunity for all students, regardless of race, color, national origin, sex, disability, or age—appear to be reflected, at least in part, in the current plan's goals. For example, one long-term goal is to reduce the gaps in college access and completion among student populations differing by race/ethnicity, socioeconomic status, and disability while increasing the educational attainment of all. Another is to enhance the literacy and employment skills of American adults. Under the latter, the plan includes a strategy to work with state vocational rehabilitation agencies to ensure implementation of standards that will assist individuals with disabilities in obtaining high-quality

<sup>6</sup>U.S. Department of Education, Office of the Deputy Secretary, Strategic Accountability Service, *U.S. Department of Education FY 2004 Annual Plan* (Washington, D.C.: March 2003). This document represents Education's performance plan for GPRA and will be referred to henceforth as the "annual plan."



employment outcomes. As in the past, some goals are targeted at results for which Education has limited direct control and are, instead, greatly influenced by third parties. However, Education recognizes this situation and shows its intent to work closely with its partners.

Education's current plan provides some information on linking results and day-to-day activities within the department. For example, the plan says employees will be held accountable for implementation and success from top to bottom and senior officers will have performance contracts linked to the plan and be recognized for achieving results. In addition, the strategy to foster a customer service orientation by ensuring that states, districts, and other partners receive timely responses to inquiries; to assign senior officers to develop relationships with individual states; and to create a customer support team to respond to issues, seems logically linked to the day-to-day activities of managers and staff. However, the link between results and day-to-day activities is not apparent for most of the goals and their strategies.

The current plan includes several annual performance measures that are at least related to how well information technology is supporting strategic and program goals, as required by the Clinger-Cohen Act. For example, for its long-term goal to modernize the Federal Student Assistance (FSA) Programs and reduce their high-risk status, the plan contains a measure on the integration of FSA processes and systems that work together to support FSA program delivery functions. Commendably, Education includes some goals related to reducing agency program unintended negative effects, such as a goal and related measure to reduce the data collection and reporting burden.

Education's current plan shows great improvement on recognizing and addressing external factors. Beyond adequately describing external factors that could affect achieving its goals and directly linking these factors to particular goals, the plan also briefly describes strategies to ameliorate the effects of a number of factors. For example, for an external factor on teacher certification under a goal on reading, the plan says that Education "will work with the states and national accreditation bodies to encourage the incorporation of research-based reading instruction into teacher certification requirements." In addition, the plan includes strategies indicating that Education monitors some internal factors that could affect achievement of long term goals. Moreover, the plan recognizes the overarching critical external factor for Education—that it depends greatly on third parties who often control the results the department is trying to

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achieve—and its strategies related to the goal-specific external factors often reflect this.

In our 1997 assessment of Education's draft plan, we commented that although the plan identified several management challenges the department would face in the coming years, it provided little detail about them and how they would be addressed. In our January 2001 performance and accountability series, we identified four department-specific and two governmentwide challenges that we said Education needed to meet.<sup>7</sup> Education's current strategic plan includes some goals, measures, and strategies that could be used to address these challenges. For example, Education's goal to "develop and maintain financial integrity and management and internal controls" and this goal's strategies and measures are directly related to the management challenge we identified on improving financial management. One of the measures under this goal is "the achievement of an unqualified audit opinion," an important issue in our identification of financial management weaknesses as a challenge in 2001, and Education received an unqualified audit opinion in early 2003. Moreover, the current strategic plan includes goals and strategies meant to improve Education's strategic human capital management and strengthen information technology security, two important governmentwide high-risk areas we identified in 2001.

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### Critical Strategic Planning Issues Needing Further Improvement

In our report on Education's 1997 draft strategic plan, we found that, although the department had numerous crosscutting programs and activities, the plan had identified key interagency activities for some programs but not for others. For example, we said that the plan did not identify or discuss activities for postsecondary programs for which the Higher Education Act of 1965 required coordination. Education's current plan includes an appendix, which highlights collaborative initiatives under each of the department's strategic goals, with some activities related to

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<sup>7</sup>U.S. General Accounting Office, *Performance and Accountability Series: Major Management Challenges and Program Risks, Department of Education*, GAO-01-245 (Washington, D.C.: January 2001). The January 2001 assessment was the last time we assessed the Department of Education under our Performance and Accountability Series before the release of the agency's 2002-2007 Strategic Plan. We further reported in October 2002 on how Education and other agencies reported responding to their management challenges and program risks. (U.S. General Accounting Office, *Performance and Accountability: Reported Agency Actions and Plans to Address 2001 Management Challenges and Program Risks*, GAO-03-225 (Washington, D.C.: Oct. 31, 2002).

postsecondary education, including most of those mentioned in our 1997 report. However, as the plan states, the appendix presents a brief overview of the highlights of some of its collaborative initiatives with other agencies.

In our 1997 review, we stated that some resource requirements were described throughout the plan. In the current plan, while a number of strategies under the department's strategic goal to establish management excellence are related to aligning resources to achieve outcomes, the actual resources required—such as human, capital, and information—are not always specifically indicated. The exception is for information resources, for which a number of strategies discuss the information resources that will be required to address the related goal. For example, under the goal to develop and maintain financial integrity and management and internal controls, the plan says that Education will “implement a new financial system capable of producing timely and reliable financial data and reconcile systems to the general ledger.” Moreover, while the plan stresses accountability throughout, it only refers to providing the authority needed to achieve results once.<sup>8</sup> In addition, consideration of alternate strategies for achieving goals is not discussed.

In our 1997 review, we reported that Education said it would provide detailed descriptions of supporting evaluations once it consulted with Congress, completed the strategic plan, and agreed on performance indicators. The draft plan indicated Education's commitment to using evaluations and listed evaluations and strategies it intended to use to develop sound measures, but did not describe the evaluations. The current plan does not include descriptions of supporting evaluations or a future program evaluation schedule. According to Education officials, this was not done because, with the complete revamping of the strategic plan based on passage of the No Child Left Behind Act of 2001,<sup>9</sup> Education was set on a course to totally restructure its evaluation program, but could not do so in time to include it in the strategic plan. Consequently, Education instead included information about its new directions for program evaluation studies and a schedule of evaluations in its 2004 annual plan. The schedule, however, lacked a timetable, except for stating whether the evaluations

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<sup>8</sup>Within one of its strategies, the plan states that “managers will be given the freedom to manage and will be held accountable for results.”

<sup>9</sup>Pub. L. No. 107–110, January 8, 2002. The No Child Left Behind Act of 2001 is a reauthorization of the Elementary and Secondary Education Act, one of the major pieces of authorizing legislation for the Department of Education.

were new or continuing. The current strategic plan indicates, in some cases, the use or planned use of program evaluation findings to develop or revise components of the plan. For example, for long-term goals on various types of academic achievement, data from the National Assessment of Educational Progress were identified as having been used to set related targets.

## Observations on Changes in the Quality of DOE's Strategic Plan

Overall, DOE's draft 2003 strategic plan meets the required elements of GPRA and has improved greatly over its 1997 draft strategic plan, as shown in table 7. DOE made improvements to its plan by establishing results-oriented and measurable objectives, and addressing elements that were not included in the department's 1997 plan, such as reporting on external factors. Although DOE has shown improvement, a few elements in the plan could still be enhanced. For instance, further improvement could be made to the mission statement so that it better addresses the department's major activities, and additional information could be included in DOE's strategies to achieve its goals, such as management accountability.

**Table 7: DOE's Progress in Addressing Required Elements of Strategic Planning under GPRA**

Element of strategic planning	Included in initial draft strategic plan	Included in current draft strategic plan
Mission statement	Yes. DOE's mission was results oriented, met a public need, and covered the agency's major activities.	Yes. DOE's mission is results oriented and meets a public need, but it does not address the department's major activities related to energy supply and conservation.
Long-term goals	Yes. Long-term goals covered mission and major functions of the agency. Goals and objectives were results oriented but not measurable.	Yes. Long-term goals cover the mission and major functions of the agency. Objectives, referred to as intermediate goals, are results oriented and measurable.
Strategies	Yes. The plan included strategies and measures to evaluate the results of the strategies, but was missing information on linkages to day-to-day activities, and the extent to which managers have the knowledge, skills, and abilities to implement the strategies.	Yes. Strategies to achieve each goal are included in the plan, along with intermediate goals to measure success, but information on linkages to day-to-day activities, and the extent to which managers have the knowledge, skills, and abilities to implement the strategies, is not included.
Relationship between long-term goals and annual goals	No. Relationship between the long-term goals and annual performance goals was missing in the draft plan.	Yes. The draft plan provides a brief description of the relationship between the long-term strategic goals and the annual performance goals.

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<b>Element of strategic planning</b>	<b>Included in initial draft strategic plan</b>	<b>Included in current draft strategic plan</b>
External factors	No. Key external factors were not addressed in the draft plan.	Yes. Key external factors and how they could affect the ability to achieve each goal are identified in the draft plan.
Evaluations	No. The impact of program evaluations on the development of strategic goals was not included in the draft plan.	No. The impact of program evaluations on the development of strategic goals is not discussed thoroughly.

Sources: [GAO/RCED-97-199R](#) and Department of Energy, *2003 Strategic Plan (Draft)*, (Washington, D.C.: 2003).

### **Strategic Plan Strengths and Improvements from Fiscal Year 1997 Plan**

In its 2003 draft strategic plan, DOE has made significant improvements in developing measurable objectives, referred to in its plan as intermediate goals. GAO's review of DOE's 1997 draft strategic plan found that objectives related to DOE's long-term goals were stated in ways that would make it difficult to measure whether they were being achieved. In the 2003 draft plan, the objectives are stated in ways that will enable DOE to measure its progress in achieving goals. For example, to meet the goal of enhancing energy security through various means, one of DOE's affiliated objectives is to ensure that throughout DOE's 25-year planning period, the Strategic Petroleum Reserve is ready to supply oil at a sustained rate of 4.3 million barrels per day for 90 days within 15 days notice by the President.

In addition, DOE has improved its draft 2003 strategic plan by including elements that were not included in its 1997 draft plan. These elements consisted of (1) identifying external factors and (2) describing the relationship between long-term and annual goals. For each of its long-term goals, DOE identified external factors, such as reduced funding, lack of scientific talent, and unpredictable technological developments, that could affect its ability to achieve its goals. The strategic plan also included a description of the relationship between the long-term strategic goals and the annual performance goals. The plan included a diagram that showed an example of a strategic goal, its associated objectives, and how they are related to the annual performance goals and targets. However, the plan could be improved if all annual performance goals were discussed in the plan and linked to each strategic goal so that it would be clear how annual performance goals would be used to gauge performance. DOE staff stated that a description of all actual annual performance goals was not something that they thought should be included in the strategic plan because the annual goals differ each year.

Finally, our past and current reviews of DOE's 1997 and 2003 draft strategic plans found that DOE addressed performance and accountability

challenges that we had previously identified. In January 2003, we identified six areas where DOE's management attention was needed: (1) addressing security concerns, (2) revitalizing infrastructure, (3) improving contract management, (4) managing the nuclear weapons stockpile, (5) cleaning up radioactive and hazardous wastes, and (6) enhancing leadership in meeting energy needs. All areas were addressed in the 2003 draft strategic plan, with the exception of improving contract management. For example, for the challenge of enhancing leadership in meeting energy needs, one of the intermediate goals requires DOE to develop and demonstrate technologies that can reduce emissions by more than 70 metric tons of carbon and equivalent greenhouse gases by 2012.

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### Critical Strategic Planning Issues Needing Further Improvement

There are three elements in DOE's draft 2003 strategic plan that requires further improvement. To begin with, although DOE's mission is results oriented, it was revised from the 1997 draft strategic plan and does not address the department's major activities related to energy supply and conservation. These activities account for approximately 10 percent of DOE's \$23.4 billion fiscal year 2004 budget request. Our review of the 1997 draft strategic plan found that DOE's mission addressed all of its major activities.

In addition, the impact of program evaluations on the development of strategic goals could be discussed in greater detail. The strategic plan stated that internal, GAO, and the Inspector General (IG) evaluations were used as resources to develop the draft strategic plan, but specific program evaluations were not identified. A schedule of future program evaluations was also not discussed in the strategic plan. According to DOE, there is no plan to include a table of reports and evaluations that were used to develop the goals for the strategic plan because the evaluations were from a prior administration, and when the administration changes, it usually does not use evaluations from past administrations.

DOE could also enhance the strategies included in its plan by providing information on how goals are linked to the department's day-to-day activities, and the extent to which managers have the knowledge, skills, and abilities to implement the strategies. None of this information was included in the 1997 and 2003 draft strategic plans. According to DOE officials, in drafting the plan, their goal was to keep the plan at a high level and this additional information would require more detail than what is needed for a strategic plan. For example, one official stated that a description of linkages to day-to-day activities was not discussed in the strategic plan because it would conflict with the performance plan and budget justification, which is where the information can be found. As we have stated previously, without this information, it is difficult to judge DOE's likelihood of success in achieving the goals or the appropriateness of the strategies.<sup>10</sup>

Finally, DOE's draft strategic plan could be improved by identifying programs and activities that are crosscutting or similar to those of other agencies. In the 2003 draft plan, crosscutting activities are only identified for one goal related to science. According to one DOE official, as the strategic goals were being developed, DOE staff took crosscutting activities into consideration. As we stated in 1997, unless DOE addresses crosscutting issues in its plan, Congress cannot be assured that federal programs are working effectively.

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## Observations on Changes in the Quality of HUD's Strategic Plan

Overall, HUD has made progress in developing its strategic plan for fiscal years 2003 through 2008 as required under GPRA. In 1997, we stated that HUD's draft strategic plan did not cover the six components required under GPRA.<sup>11</sup> HUD's fiscal year 2003-2008 strategic plan addressed several issues we had previously identified, such as making sure the mission statement is linked to the department's major operations and functions; including outcome-related goals and objectives for the department's functions and operations; generally providing a description of how it will achieve its goals and objectives; identifying key external factors affecting the achievement of departmental goals; and explaining how HUD will coordinate with other agencies to address crosscutting issues. However, HUD could improve its strategic plan by explaining the relationship

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<sup>10</sup>GAO/RCED-97-199R.

<sup>11</sup>GAO/RCED-97-224R.

between the long-term and intermediate performance measures listed for each strategic goal and discussing how it used program evaluations to develop the plan. Table 8 summarizes these findings.

**Table 8: HUD's Progress in Addressing Required Elements of Strategic Planning under GPRA**

Element of strategic planning	Included in initial draft strategic plan	Included in current strategic plan
Mission statement	No. HUD's mission statement did not cover the major program functions and operations of the agency.	Yes. HUD's mission statement covers the agency's major program functions and operations and relevant statutes.
Long-term goals	Yes. The plan included eight strategic objectives, and they generally covered the department's major functions and operations.	Yes. The plan includes long-term goals that cover the major programs and functions of the agency.
Strategies	No. The strategic plan lacked an adequate description of how its strategic objectives would be achieved.	Yes. The strategic plan discusses the means and strategies to address each strategic goal, including plans to address human capital issues critical to carrying out its mission.
Relationship between long-term goals and annual goals	No. HUD's strategic plan provided limited examples of annual performance goals under each of its strategic objectives, but it did not describe the relationship between them.	Yes. However, some long-term performance measures do not appear to have corresponding intermediate measures, and in other instances it is not clear how HUD will measure progress towards its goals
External factors	No. HUD briefly discussed the external factors in its draft strategic plan without linking them to specific strategic objectives.	Yes. HUD describes the external factors that could affect achieving its strategic objectives.
Evaluations	No. HUD's strategic plan did not include information on program evaluations.	No. HUD does not describe how program evaluations were used to prepare its strategic plan. Although it mentions that program evaluations will be used to advance key policy objectives, it states that there are no fixed timetables for when these evaluations will take place.

Sources: [GAO/RCED-97-224R](#) and U.S. Department of Housing and Urban Development, *Strategic Plan FY 2003-FY 2008*. (Washington, D.C.: 2003).

### Strategic Plan Strengths and Improvements from Fiscal Year 1997 Draft Plan

In its most recent strategic plan for fiscal years 2003-2008, HUD has made progress in crafting a mission statement that generally covers its major program functions, operations, and relevant statutes that authorize its programs. In addition, the current plan builds upon the strength of its first draft strategic plan by including the strategic objectives that cover the department's major functions and operations.



In contrast to its draft strategic plan of 1997, HUD's most recent plan provides a general description of how its strategic objectives will be achieved. For example, HUD lists the means and strategies following each strategic goal and supporting objectives to describe how it will carry out its activities. In addition, the strategic plan identifies a few legislative and regulatory changes HUD will pursue to meet its objectives, such as a new tax credit for developers of affordable housing and expanded eligibility for the Assisted Living Conversion Program. To carry out its work, HUD acknowledges in its plan that it needs to recruit and retain its current workforce to ensure the proper skills and abilities needed to carry out its mission.

HUD's most recent strategic plan also describes key factors external to the department and beyond its control that could significantly affect the achievement of its objectives. For example, for its goal of Promoting Decent and Affordable Housing, HUD identifies the impact of broad economic factors on opportunities for low-income workers as a factor that will affect the department's ability to assist renters that depend on HUD's programs to make progress towards self sufficiency. HUD's strategic plan also provides a general description of current program evaluations and mentions that the results of these evaluations will support key policy objectives within the department.

Addressing a shortcoming of its draft strategic plan in 1997, HUD's current plan generally explains how it will coordinate with other agencies to address crosscutting problems. For example, the Interagency Council on the Homeless (ICH), created by the Secretaries of HUD, the Department of Health and Human Services (HHS), and Veterans Affairs (VA), will continue to work to identify the obstacles homeless people face to enroll in the main service programs and recommend specific changes—legislative, policy, and procedural—that would make federal supportive service programs more accessible to them.

Lastly, HUD improved its discussion of how it plans to address performance and accountability challenges we have raised. In January 2003, we reported that programmatic and financial management information systems and human capital issues were HUD's performance and accountability challenges.<sup>12</sup> While in the past HUD acknowledged some of these problems and described how they would be addressed, its plans for management reform were not fully integrated into its draft strategic plan. In contrast, one of HUD's strategic goals in its current strategic plan, "Embrace High Standards of Ethics, Management, and Accountability," lists specific actions the department will take to address these challenges.

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### Critical Strategic Planning Issues Needing Further Improvement

HUD has made progress in linking its strategic objectives to both long-term goals and intermediate measures in its strategic plan; however, long-term performance measures are not consistently linked to a corresponding intermediate measure, making it difficult for the reader to understand how the department will measure progress towards its strategic goals. For example, HUD projects that the percentage of architects and builders indicating awareness of the design and construction requirements of the Fair Housing Act will increase through fiscal year 2008. However, HUD does not mention in the plan how many architects or engineers it will survey to establish a baseline of awareness or to gauge progress made towards this goal in subsequent years. HUD officials explained that only those long-term goals that are critical to being achieved within the next 1-2 years have corresponding intermediate performance measures. Therefore, it is somewhat unclear how HUD plans to assess progress made towards its broader goal of "Ensure Equal Opportunity in Housing."

Similarly, the strategic plan does not always provide a clear picture of how HUD will be able to measure progress towards its strategic goals. For example, the plan states that HUD's Community Development Block Grants (CDBG) Program will create or retain 400,000 jobs by fiscal year 2008; HUD's intermediate measure for fiscal year 2004 is 84,000 jobs. These estimates are based on the average jobs created per grant dollar reported by grantees. However, HUD does not mention how it will be able to discern between those jobs created by CDBG and those created by other means.

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<sup>12</sup>U.S. General Accounting Office, *Major Management Challenges and Program Risks: Department of Housing and Urban Development*, GAO-03-103 (Washington, D.C.: January 2003).

Similar to our previous finding, HUD's current strategic plan does not describe how program evaluations were used to develop its strategic goals or other components of its strategic plan, and does not include a schedule for future evaluations. While the plan mentions that program evaluations will be used to advance key policy objectives, it states that there are no fixed timetables for when these evaluations will take place.

## Observations on Changes in the Quality of SBA's Strategic Plan

In our review of SBA's March 1997 draft strategic plan,<sup>13</sup> we found that the plan did not meet two of the six requirements set forth by GPRA: (1) a discussion of the relationship between the long-term goals and objectives and the annual performance goals and (2) a description of how program evaluations were used to establish or revise strategic goals and a schedule for future program evaluations. In addition, the four elements the plan contained could have better conformed to GPRA's requirements and OMB guidance. In comparison, SBA's 2001-2006 strategic plan has improved on several areas we identified in our 1997 review.<sup>14</sup> However, we still found areas that SBA could improve. Table 9 summarizes these findings.

**Table 9: SBA's Progress in Addressing Required Elements of Strategic Planning under GPRA**

Element of strategic planning	Initial draft strategic plan	Current strategic plan
Mission statement	Yes. The mission statement was results oriented. However, it did not directly incorporate key aspects of SBA's legislative mandate and it did not encompass one of SBA's significant activities.	Yes. SBA's mission statement now specifically mentions its mandate and encompasses SBA's disaster loan program to families and businesses.
Long-term goals	Yes. Generally the strategic goals covered the major functions and operations of SBA. Most of SBA's strategic goals were expressed as processes, not as outcomes.	Yes. The strategic goals are outcome oriented and cover the major functions and operations of SBA.
Strategies	Yes. However, the strategies were too vague or general to assess whether or not they would help achieve SBA's goals. Also, the strategies and goals could have been linked more explicitly.	Yes. The strategies will generally help SBA achieve its goals. The strategies are now listed by strategic goal and related objective. The plan discusses some of the resources SBA needs to achieve its goals.

<sup>13</sup>[GAO/RCED-97-205R](#).

<sup>14</sup>At the time of our review, the most recent SBA strategic plan was for fiscal years 2001-2008. SBA released a new strategic plan for fiscal years 2003-2008 in October 2003.

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<b>Element of strategic planning</b>	<b>Initial draft strategic plan</b>	<b>Current strategic plan</b>
Relationship between long-term goals and annual goals	No. The linkage between proposed performance measures, strategies, and objectives was unclear.	Yes. The plan lists performance measures by objectives for each strategic goal. Logic models show the relationship between measures and outcomes.
External factors	Yes. The plan listed a number of external factors. A discussion of how the external factors would be taken into account when assessing progress toward goals was not included in the plan.	Yes. The plan lists several external factors. Generally, strategies to ameliorate the effects of these factors are included. However, SBA does not discuss how external factors will be taken into account when assessing progress toward goals.
Evaluations	No. The plan did not describe how program evaluations were used to establish or revise strategic goals or include a schedule for future program evaluations.	No. The plan states that lessons learned from SBA's program evaluations have influenced its strategic direction. Examples of future program evaluations are given, but a specific schedule of when these evaluations are to occur is not included.

Sources: [GAO/RCED-97-205R](#) and Small Business Administration, *SBA Strategic Plan, FY 2001 – FY 2006* (Washington, D.C.: 2000).

## Strategic Plan Strengths and Improvements from Fiscal Year 1997 Plan

SBA's current mission statement is an improvement from the one contained in its 1997 draft strategic plan. In our July 1997 report on SBA's draft strategic plan, we noted that the mission statement could be improved by more directly incorporating key aspects of SBA's legislative mandate to aid, counsel, assist, and protect the interests of small businesses. In addition, the mission statement did not encompass one of SBA's significant activities—making loans to individuals. The mission statement in the 2001-2006 strategic plan now includes both of these items.

The long-term, or strategic, goals of SBA's 2001-2006 strategic plan are (1) helping small businesses succeed, (2) helping Americans recover from disasters, and (3) modernizing SBA. These three strategic goals are outcome oriented. We stated in our previous report on SBA's draft strategic plan that only two of SBA's seven strategic goals described outcomes. The rest of the goals were expressed as processes.

SBA's 2001-2006 strategic plan shows significant improvement in its strategies. In 1997 we stated that the plan could be improved by making the linkage between the strategies and goals/objectives more explicit. Objectives were listed as a group, followed by the strategies, which were also listed as a group. The 2001-2006 plan describes the strategies, objective by objective, making the linkage clear. The strategies contained in SBA's 1997 plan consisted entirely of one-line statements and most were too vague or general to enable an assessment of whether or not they would

help achieve the goals and objectives in the plan. While many of the strategies listed in SBA's 2001-2006 plan are only one- or two-sentence statements, all of the strategies seem to aid in achieving SBA's goals and objectives. For example, one strategy for the objective of providing entrepreneurial development assistance is to train SBA personnel in outreach and business development approaches. This strategy would presumably aid in making staff more competent at helping small businesses develop. The current plan also includes some of the resources needed to achieve SBA's goals. These resources include a table showing SBA's fiscal year 2001 budget request and its plans to modernize its information technology systems.

The 2001-2006 strategic plan also makes a clearer connection between strategic goals and annual performance measures that will be used to gauge progress in achieving strategic goals. SBA shows this relationship by linking its performance output measures with the intended outcomes of SBA's programs for two of the strategic goals. For the other strategic goal, "Modernizing SBA," SBA lists the performance measures it will use by objective. For example, the performance measure "personnel trained or retrained" will gauge progress in achieving SBA's human capital investments objective. This shows improvement over the draft strategic plan, which listed the performance measures as a group without showing how they were related to SBA's strategic goals.

Similar to its 1997 draft plan, SBA's 2001-2006 plan specifies external factors that could affect the achievement of its strategic goals. The plan lists eight external factors associated with two of its three strategic goals; no external factors were associated with the third goal. The plan includes strategies that seem to be intended to mitigate the effect of six of these external factors, while two of the external factors, congressional support and public support, do not seem to be addressed. An example of an external factor that seems to be addressed by a strategy is economic conditions, listed for the strategic goal "helping small businesses succeed." One of the strategies for this strategic goal is to determine economic trends and conditions. SBA states that it tracks economic trends that affect small businesses and the contribution small businesses make to the economy. SBA then brings these data to the attention of policymakers.

We noted in our 1997 report that SBA did not explicitly address the relationship of SBA's activities to similar activities in other agencies and provided no evidence of coordination. In contrast, SBA's current strategic plan includes a section on crosscutting issues. This section contains

discussions of innovation and research assistance, international trade assistance, business development assistance, veterans affairs, and disaster assistance. One example of coordination is the U.S. Export Assistance centers, which combine the trade-promotion and export-finance resources of SBA, the Department of Commerce, the Export-Import Bank, and in some locations, the Agency for International Development and the Department of Agriculture.

Finally, SBA's 2001-2006 strategic plan generally addresses performance and accountability challenges that we have previously identified. For example, we noted in our January 2001 report on major management challenges and program risks<sup>15</sup> that SBA needed to continue to improve oversight of its lending partners to correct oversight weaknesses. The plan identifies lender oversight as a management challenge and states that SBA has developed and implemented a safety and soundness oversight program for Small Business Lending companies, institutionalizing the process through the Office of Lender Oversight. This is an improvement over SBA's draft strategic plan, which we reported did not clearly address previously identified management problems.

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### Critical Strategic Planning Issues Needing Further Improvement

In 1997, we noted that SBA's draft strategic plan did not include a discussion of how the external factors would be taken into account when assessing progress toward goals. This observation holds true for the current strategic plan. For the external factor mentioned above, economic conditions, the plan states that if the economy remains strong, surety bond guaranties will remain constant or decrease, but if the economy deteriorates, demand will increase. However, the plan does not state how SBA will assess success or failure in meeting its goals in relation to this factor.

In its 1997 draft plan, SBA did not describe how program evaluations were used to establish or revise strategic goals or include a schedule for future program evaluations. In the 2001-2006 plan, SBA states, "We have used lessons learned in our performance monitoring and program evaluations to influence the strategic direction contained in this plan." The plan includes findings from six completed program evaluations; however, no further detail is given as to how these program evaluations were used to establish

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<sup>15</sup>U.S. General Accounting Office, *Major Management Challenges and Program Risks: Small Business Administration*, GAO-01-260 (Washington, D.C.: January 2001).

or revise the strategic goals. While the current plan gives examples of future program evaluations, such as conducting a benchmark study on the HUBZone program to assess the changes in employment and investment in distressed urban and rural communities, it does not include a schedule of future evaluations. SBA states that for the next several years, the agency plans to systematically review programs that offer the most financial risk to the government and also the programs that can offer tips on how to improve efforts.

## Observations on Changes in the Quality of SSA's Strategic Plan

SSA's strategic plan for 2003-2008 is well structured and contains all of the required elements under GPRA. In 1997, we noted that SSA's draft strategic plan contained all six required components, but suggested a number of ways it could be strengthened. SSA has addressed some of the issues we previously identified, such as associating specific programs with goals and identifying external factors that may affect goal achievement. SSA could further improve its strategic plan through (1) ensuring that its strategic objectives will assist SSA in achieving its strategic goals, (2) explicitly describing the effect of external factors on goal attainment, (3) providing timetables or schedules for achieving results, (4) providing details on how each performance and accountability challenge will be addressed, (5) clearly explaining how program evaluations were used in formulating the strategic plan, and (6) discussing the manner in which SSA has coordinated with other agencies, especially those that serve the same beneficiaries. Table 10 summarizes SSA's progress in addressing the required elements of GPRA.

**Table 10: SSA's Progress in Addressing Required Elements of Strategic Planning under GPRA**

Element of strategic planning	Included in initial draft strategic plan	Included in current strategic plan
Mission statement	Yes. SSA's mission statement was appropriate and reflective of its new status as an independent agency.	Yes. SSA's mission statement has not changed substantially.
Long-term goals	Yes. Long-term goals were established. However, the relationship between long-term goals and specific programs was unclear and did not identify the results to be achieved.	Yes. The goals' relationship to specific programs is more defined, but SSA's goal for achieving solvency of the social security system is ambitious, given SSA's mission and responsibilities. Key outcomes are identified for each goal. SSA's major management challenges are not all clearly linked to individual goals or objectives.

**Appendix III  
Observations on Agencies' Strategic Plans**

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<b>Element of strategic planning</b>	<b>Included in initial draft strategic plan</b>	<b>Included in current strategic plan</b>
Strategies	Yes. The strategic plan was generally complete with regard to processes and technology, but did not include timetables or schedules. Some of the success was predicated on changes in processes or technology improvements.	Yes. SSA added some timetables, but the required resources are not specified. Some of the success is still predicated on technological improvements.
Relationship between long-term goals and annual goals	Yes. SSA provided numerous performance measures relating to strategic goals and objectives, and plans for developing new measures were discussed. It was sometimes difficult to link measures with their appropriate objectives. It was also hard to discern which objectives did not yet have performance goals. Some data were expressed by program, while other data were aggregated.	Yes. SSA provided one or more key outcomes for each strategic objective. SSA notes that success in meeting the objectives will be measured in the annual performance plans by progress in achieving the key outcomes.
External factors	Yes. The report mentioned several key external factors, but did not explicitly link factors to general goals and state how they could have affected goal attainment. Also, the report did not discuss needed changes (by Congress) to ensure solvency.	Yes. External (environmental) factors are listed in a separate section. However, the plan does not explicitly link factors to general goals and state how they could affect goal attainment. Specific effects are not discussed—most examples are vague.
Evaluations	Yes. The report contained a broad discussion of program evaluations, but the evaluations were not clearly described. Also, SSA did not describe how the evaluations were used to establish or revise specific goals/objectives. Finally, there was no schedule for completing future evaluations or methodologies.	Yes. Future evaluations (with brief descriptions) are listed, but there is no discussion of how current evaluations are used to establish or revise specific goals/objectives. The plan states that SSA used internal and external (GAO, IG) evaluations to determine strategic plans and objectives.

Sources: [GAO/HEHS-97-179R](#) and Social Security Administration, *Social Security Administration Strategic Plan 2003-2008*, (Washington, D.C.: 2000).

## Strategic Plan Strengths and Improvements from Fiscal Year 1997 Plan

SSA's mission statement changed very little between 1997 and 2003. OMB Circular A-11 notes that the mission statement should be brief and define the basic purpose of the agency, with particular focus on its core programs and activities. SSA's statement conforms to this guidance—it reads, "To advance the economic security of the nation's people through compassionate and vigilant leadership in shaping and managing America's social security programs."<sup>16</sup>

<sup>16</sup>In the 2003-2008 plan, the word "advance" replaced the word "promote."



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In 1997, the relationship between SSA's long-term goals and specific programs was unclear and did not identify the specific results to be achieved. Since that time, SSA has improved this linkage and better articulated intended results, including quantifiable goals. For example, as part of its strategic goal to ensure superior stewardship of Social Security programs and resources, SSA notes that one of its key outcomes is to increase Supplemental Security Income (SSI) payment accuracy to 96 percent (free of preventable error) by 2008.

SSA improved upon its linkage between long-term goals and annual goals in its fiscal year 2003-2008 strategic plan. Under each strategic goal in this plan, SSA provided one or more key outcomes for each strategic objective; in its 1997 draft strategic plan, we found it difficult to link measures with the appropriate objectives and discern which objectives did not yet have performance goals.

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### Critical Strategic Planning Issues Needing Further Improvement

Not all of SSA's strategic objectives and associated performance measures will allow SSA to achieve its related strategic goals. Specifically, the solvency goal in SSA's current strategic plan reads, "To achieve sustainable solvency and ensure Social Security programs meet the needs of current and future generations," but the sole associated objective—through education and research efforts, support reforms to ensure sustainable solvency and more responsive retirement and disability programs—will not allow SSA, on its own, to reach that goal. While SSA's mission is to advance the economic security of the nation's people, it is not unilaterally responsible for achieving solvency in social security programs.

An agency's strategic plan is expected to contain strategies for achieving the goals articulated. In 1997, SSA's strategic plan was generally complete with regard to processes and technology, but did not include timetables or schedules for results. While the current strategic plan contains processes, anticipated progress in technology, and some timetables, it does not contain timetables or schedules for all of the results. For example, as part of its strategic objective to "efficiently manage Agency finances and assets and effectively link resources to performance outcomes," SSA's key outcomes include (1) competing or converting 50 percent of commercial positions and (2) to "get to green" on all five President's Management Agenda (PMA) items. SSA has neither identified the required resources to achieve these goals nor has it identified a time frame for achieving them.

In our review of SSA's 1997 draft strategic plan, we noted that SSA described several key external factors that may affect its programs, but did not explicitly link such factors to its general goals and state how these factors could affect goal attainment. In the current strategic plan, SSA identifies environmental (external) factors: demographics, health and disability trends, technological advances, and workforce trends. However, as we found in our earlier review, the effects of these factors on specific performance goals are not specified, even though SSA notes that they drive the development of such goals.

SSA noted that it considered major management challenges identified by GAO when it determined its strategic goals and objectives, but not all of these challenges are clearly addressed in the plan. While these challenges are not clearly identified, SSA addresses them to some degree throughout the plan. For example, SSA's strategic goal to "Strategically manage and align staff to support SSA's mission" addresses the governmentwide challenge of strategic human capital management.<sup>17</sup>

SSA includes a list of major strategic process and program evaluations scheduled for the fiscal years 2003-2008 time period, organized by strategic goal. However, SSA does not list ongoing evaluations or mention how the results of these evaluations were used to prepare the current strategic plan. SSA notes that many of the hundreds of process and program evaluations conducted annually were designed to evaluate and improve internal processes falling below the strategic level. However, some of the ongoing evaluations are associated with specific strategic goals; thus, their outcomes could be discussed in the context of the strategic goals with which they are affiliated.

SSA's strategic plan contains a very limited discussion of its interactions with other agencies that have similar goals or serve the same beneficiaries. In an interview, SSA officials noted that SSA has extensive interactions with other agencies on such issues as earnings accuracy and medical information, but the level of interaction varies by initiative. SSA's strategic plan would benefit from a broader discussion of these interactions, especially if they were broken down by initiative. For example, as part of the objective to increase the accuracy of earnings records, SSA notes that it will collaborate with the Internal Revenue Service (IRS) to achieve more

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<sup>17</sup>U.S. General Accounting Office, *Major Management Challenges and Program Risks: Social Security Administration*, GAO-03-117 (Washington, D.C.: January 2003).

accurate wage reporting as part of its means and strategies to reduce the size of the suspense file.<sup>18</sup> It would be helpful if SSA offered more details as to the nature and extent of its collaboration with IRS.

## Observations on Changes in the Quality of DOT's Strategic Plan

In our review of DOT's July 1997 draft strategic plan, we found that the plan only met three of the six elements required by GPRA.<sup>19</sup> The plan did not meet GPRA's requirements to describe (1) strategies for achieving the goals, (2) a linkage between DOT's long-term goals and annual performance goals, and (3) the external factors that could significantly affect DOT's ability to achieve its goals. Further, for the three elements that the plan did meet, each had weaknesses. In comparison, DOT's 2003-2008 draft strategic plan has improved on several areas we identified in our 1997 review.<sup>20</sup> However, we still found areas where DOT could improve. Table 11 summarizes these findings.

**Table 11: DOT's Progress in Addressing Required Elements of Strategic Planning under GPRA**

Element of strategic planning	Included in initial draft strategic plan	Included in current draft strategic plan
Mission statement	Yes. DOT's mission statement was comprehensive and covers its major functions and operations.	Yes. The mission statement continues to cover its major functions and operations and more explicitly states DOT's statutory authority.
Long-term goals	Yes. Five long-term goals encompassed DOT's major functions and operations. However, it was not clear as to how DOT would measure success for most of its goals.	Yes. Five strategic objectives encompass DOT's major functions and operations. Outcome goals and candidate performance measures for each strategic goal help show how DOT will measure success.
Strategies	No. While the plan listed six corporate management strategies for achieving its long-term goals, it did not describe the operational processes, the skills, the technology, and the resources required to meet them.	Yes. Strategies are listed by strategic objective and include discussions on leadership, building expertise, and technology.

<sup>18</sup>The suspense file contains information on earnings that cannot be matched to an individual's record due to an invalid name/Social Security number combination.

<sup>19</sup>GAO/RCED-97-208R.

<sup>20</sup>At the time of our review, the Department of Transportation was in the process of revising its strategic plan. A draft copy of the updated strategic plan, dated July 1, 2003, was used for this review.

**Appendix III  
Observations on Agencies' Strategic Plans**

*(Continued From Previous Page)*

<b>Element of strategic planning</b>	<b>Included in initial draft strategic plan</b>	<b>Included in current draft strategic plan</b>
Relationship between long term-goals and annual goals	No. The plan did not describe how performance goals would be related to the long-term goals.	Yes. The plan includes performance measures and refers to the performance plan for further information on annual performance goals.
External factors	No. Four external factors were identified, but other key factors were not included in the plan. Only one external factor was discussed in terms of how it could have affected DOT's ability to accomplish its goals.	Yes. Several external factors are listed for each strategic objective. Generally the plan gives descriptions of how these factors could affect the achievement of goals.
Evaluations	Yes. Program evaluations used in establishing goals and a schedule of future evaluations were discussed. However, the plan did not provide enough information to determine the scope and methodology or the key issues to be addressed in future evaluations.	No. An extensive table describes the scope and methodology and the completion date of program evaluations for fiscal years 2003-2008. However, the plan does not specifically mention which or how previous evaluations were used in developing the plan.

Sources: [GAO/RCED-97-208R](#) and U.S. Department of Transportation, *U.S. Department of Transportation Draft Strategic Plan for Fiscal Years 2003-2008* (Washington, D.C.: 2003).

### Strategic Plan Strengths and Improvements from Fiscal Year 1997 Plan

The mission statement contained in DOT's 2003-2008 draft strategic plan is an improvement over the one contained in the 1997 draft plan. DOT's mission, as stated in the 2003-2008 draft strategic plan, is "to develop and administer policies and programs that contribute to providing fast, safe, efficient, and convenient transportation at the lowest cost consistent with the national objectives of general welfare, economic growth and stability, the security of the United States, and the efficient use and conservation of the resources of the United States." The mission statement covers the major functions and operations of the department. In our July 1997 report on DOT's 1997 draft strategic plan, we noted that the mission statement could be improved by including language from the department's enabling legislation to focus the mission statement more directly on DOT's core activities. We gave an example of adding the department's purpose to develop transportation policies and programs that "contribute to providing fast, safe, efficient, and convenient transportation at the lowest cost" from DOT's enabling legislation. The mission statement in the 2003-2008 plan includes such language.

As in its 1997 draft strategic plan, DOT's 2003-2008 draft strategic plan meets the requirement of GPRA to include long-term goals and objectives for the major functions and operations of the department. The 2003-2008 draft strategic plan contains five strategic objectives (long-term goals) that cover the major functions and activities of the department and are results

oriented. Besides the strategic objectives of “safety,” “mobility,” “global connectivity,” “environmental stewardship” and “security,” the current draft also contains an “organizational excellence” objective to “advance the department’s ability to manage for results and achieve the goals of the PMA.”

Each strategic objective section in the 2003-2008 draft plan contains strategies for attaining DOT’s outcomes and objectives. The strategies for each strategic objective are listed in the categories of “leadership,” “building expertise,” and “technology.” For example, a “technology” strategy for the “mobility” strategic objective is to “examine ways to encourage cargo movements by water through the development of barge and fast vessel technologies to bring new capacity to our intermodal transportation system.” The plan states that this strategy supports DOT’s outcomes of reduced congestion in all modes of transportation and increased reliability throughout the system. The strategies for each strategic objective generally describe the operational processes, the skills, and the technology required to meet DOT’s goals and objectives. The current draft strategic plan also states that the resources and programs listed in DOT’s annual performance plans and budgets are necessary to achieve DOT’s outcomes and to execute the strategies. In contrast, the 1997 draft strategic plan provided insufficient information to describe the operational processes, the skills, the technology, and the resources required to meet DOT’s long-term goals, as required by GPRA.

Also, each strategic objective section in the current draft plan contains crosswalks between outcomes in the strategic plan and performance measures in the annual performance plans and reports. These crosswalks show the measures that will be used to measure progress in achieving most of DOT’s outcomes and strategic objectives. For example, the performance measure “number of passengers in international markets with open skies aviation agreements” is related in a crosswalk to the outcome “reduced barriers to trade in transportation goods and services.” Together, the measure and outcome will show progress toward DOT’s global connectivity strategic objective. This is an improvement from DOT’s 1997 draft strategic plan when we noted that although supporting documents showed that DOT had developed information on how to measure each outcome goal, this information was not included in the draft.

In contrast to DOT’s 1997 draft strategic plan, the 2003-2008 draft plan lists several external factors for each strategic objective and generally discusses how these factors could affect the department’s ability to achieve its

outcomes and objectives. For example, one of the external factors for DOT's environmental stewardship strategic objective is that DOT faces a significant challenge to control and minimize air, water, and noise pollution. The plan states that if DOT cannot control and minimize this pollution, the department may encounter a public backlash that may impede system improvement. For the external factors relating to the safety and mobility strategic objectives, the plan lists both positive and negative consequences the factors could have on achieving goals. One example would be the possible effects the expansion and integration of the telecommunications and e-commerce industry sectors could have upon transportation safety. The plan states that this could affect the achievement of DOT's safety objective by leading to unsafe practices, such as the use of cell phones and other personal devices while driving. On the other hand, these technologies could also contribute to safety by alerting responders to the location of crashes and vehicles in distress. The 1997 draft plan identified four external factors and only discussed how one of those factors could affect DOT's ability to accomplish its goals.

The current draft strategic plan includes an extensive table listing program evaluations to be completed during fiscal years 2003-2008. The table includes the name of the program to be evaluated, which strategic goal(s) the program supports, the scope and methodology of the evaluation, and the fiscal year during which the evaluation will be completed. DOT's 1997 draft strategic plan only listed the titles for the evaluations scheduled for 1997 and 1998, which was insufficient to determine the scope and methodology.

DOT's current draft plan lists crosscutting programs by strategic objective. The discussions of crosscutting programs include the goal of each program, which of DOT's outcomes each supports, and the agencies involved. For example, the goal of aviation security is to prevent explosives, weapons, and other dangerous items from being placed aboard aircraft. This program supports DOT's security outcome of rapid recovery of transportation in all modes from intentional harm and natural disasters. DOT, through the Federal Aviation Administration, leads this program, which involves the Transportation Security Administration, Federal Bureau of Investigation, U.S. Customs Service, and U.S. Postal Service, among others. Previously, the 1997 draft did not provide evidence that DOT coordinated with other agencies that had programs and activities that were crosscutting or similar to DOT's.

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DOT's major management challenges, which we identified, are generally discussed in the 2003-2008 draft strategic plan, organized by related strategic objective. For example, we noted in our January 2003 report that one major management challenge that DOT faces is building human capital strategies.<sup>21</sup> The current draft strategic plan includes a discussion of human capital in DOT's organizational excellence objective. A separate section of this discussion addresses our concerns regarding human capital strategies and includes several milestones to address these concerns. These milestones include conducting workforce planning for mission-critical occupations in fiscal year 2003, and implementing a departmentwide performance management system beginning in fiscal year 2003, and a uniform branding and marketing approach to attract, acquire, and retain diverse high-quality talent. DOT's 1997 draft strategic plan did not adequately address the major management challenges we had previously identified.

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### Critical Strategic Planning Issues Needing Further Improvement

As stated above, the 2003-2008 plan provides a clear picture of how success will be measured for most of DOT's strategic objectives and outcomes. However, this clarity is not provided for a few strategic objectives and outcomes. We noted the same issue in our review of DOT's 1997 draft strategic plan. For example, in the current plan three of the outcome goals for the global connectivity strategic objective lack corresponding performance measures. These outcomes are enhanced international competitiveness of U.S. transport providers and manufacturers, harmonized and standardized regulatory and facilitation requirements, and the most competitive, cost-effective and efficient environments for passenger travel. The plan states that the measures are to be determined. However, without these measures it is unclear how progress will be measured because the outcomes themselves do not lend themselves to measurement.

While the current strategic plan shows improvement in the schedule for future program evaluations, it does not sufficiently describe the evaluations used in establishing or revising DOT's strategic objectives. DOT states that detailed descriptions of completed program evaluations are presented in its 2002 performance and accountability report. Further, the plan states that DOT considered the results of completed program

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<sup>21</sup>U.S. General Accounting Office, *Major Management Challenges and Program Risks: Department of Transportation*, GAO-03-108 (Washington, D.C.: January 2003).

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evaluations, as well as reports from DOT's Inspector General and GAO, in writing the strategies to achieve its strategic objectives and outcomes. The plan does not describe which or how program evaluations were used to write the strategies.



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# Observations on Agencies' Annual Performance Plans

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Under GPRA, agencies are to prepare annual performance plans after the development of their strategic plans. These annual plans are to establish the connections between the long-term strategic goals outlined in the strategic plans and the day-to-day activities of managers and staff. One of our objectives was to assess the changes in the overall quality of agencies' goals, strategies, and data articulated in their annual performance plans. To meet this objective, we judgmentally selected six agencies—Education, DOE, HUD, SBA, SSA, and DOT—using criteria such as agency size, primary program types, and previous GAO reviews. To assess the overall quality and improvements made to the agencies' performance plans, we relied on requirements contained in GPRA and accompanying committee report language,<sup>1</sup> guidance to agencies from the OMB for developing performance plans,<sup>2</sup> best practices identified in our published work,<sup>3</sup> previous GAO evaluations,<sup>4</sup> interviews with agency officials, and our knowledge of agencies' operations and programs.

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## Key Elements of Information for Annual Performance Plans

Although GPRA does not require a specific format for the performance plan, it does require the plan to (1) identify annual performance goals and measures for each of an agency's program activities, (2) discuss the strategies and resources needed to achieve annual performance goals, and (3) provide an explanation of the procedures the agency will use to verify and validate its performance data. We categorized each agency's plan based on the degree to which it collectively addressed these three characterizations.

To assess the degree to which an agency's plan provides a clear picture of intended performance across the agency, we examined whether it included (1) sets of performance goals and measures that address program results, (2) baseline and trend data for past performance, (3) performance goals or

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<sup>1</sup>*Government Performance and Results Act of 1993*, Committee on Governmental Affairs, United States Senate, S. Rpt. No. 58, 103d Cong. 1st Sess. (1993).

<sup>2</sup>OMB Circular No. A-11: *Part 6, Preparation and Submission of Strategic Plans, Annual Performance Plans, and Annual Program Performance Reports* (Washington, D.C.: June 2002).

<sup>3</sup>GAO/GGD/AIMD-99-215 and *The Results Act: An Evaluator's Guide to Assessing Agency Annual Performance Plans*, [GAO/GGD-10.1.20](#) (Washington, D.C.: April 1998).

<sup>4</sup>GAO/HEHS-98-172R, [GAO/RCED-98-194R](#), [GAO/RCED-98-159R](#), [GAO/RCED-98-180R](#), [GAO/RCED-98-200R](#), and [GAO/HEHS-98-178R](#).

strategies to resolve mission-critical management problems, and (4) identification of crosscutting programs (i.e., those programs that contribute to the same or similar results), common or complementary performance goals and measures to show how differing program strategies are mutually reinforcing, and planned coordination strategies.

To assess the degree to which an agency's plan provides a specific discussion of strategies and resources the agency will use to achieve performance goals, we examined whether it included (1) budgetary resources related to the achievement of performance goals, (2) strategies and programs linked to specific performance goals and descriptions of how the strategies and programs will contribute to the achievement of those goals, (3) a brief description or reference to a separate document of the human capital, information, and other resources required to achieve results,<sup>5</sup> and (4) strategies to leverage or mitigate the effects of external factors on the accomplishment of performance goals.

Finally, to assess the degree to which an agency provides confidence that its performance information will be credible, we examined how each report discussed the quality of the data presented. To help improve the quality of agencies' performance data, Congress included a requirement in the Reports Consolidation Act of 2000 that agencies assess the completeness and reliability of their performance data. Under the Act, agencies were to include this assessment in the transmittal letter with their fiscal year 2000 performance reports. Agencies were also required to discuss in their report any material inadequacies in the completeness and reliability of their performance data and discuss actions to address these inadequacies.

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<sup>5</sup>The Homeland Security Act (Pub. L. No. 107-296), also requires that agencies provide a description of how the performance goals and objectives are to be achieved, including the operations, processes, training, skills and technology, and the human capital, information, and other resources and strategies required to meet those performance goals and objectives.

For each of these elements, we characterized each agency's fiscal year 1999 and fiscal year 2004 plan in one of four ways, based on the degree to which the plan contained informative practices associated with that element. Thus, to address the first element concerning the degree to which the plan provided a clear picture of performance, we characterized each plan in one of four ways: (1) clear, (2) general, (3) limited, or (4) unclear. To address the second element, on the extent to which a plan includes specific discussions of strategies and resources, we characterized each plan as (1) containing specific discussions of strategies and resources, (2) general discussions, (3) limited discussions, or (4) no discussions. Finally, to address the third element on the extent to which a plan provides confidence that performance information will be credible, we characterized each plan as providing (1) full confidence, (2) general confidence, (3) limited confidence, or (4) no confidence. In conducting our reviews, we compared our assessments of agencies' fiscal year 2004 plans to our assessments of plans from fiscal year 1999 using similar criteria.<sup>6</sup> A more detailed discussion of our scope and methodology and the criteria we used can be found in appendix I.

Table 12 summarizes our characterizations of the six agencies' annual performance plans based on our current review of fiscal year 2004 plans and our previously published reviews of 1999 plans. Although the characterization of agency performance plans did not change significantly between the 1999 and the 2004 plans, the majority of agencies' plans showed some improvement.

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<sup>6</sup>GAO/HEHS-98-172R, GAO/RCED-98-194R, GAO/RCED-98-159R, GAO/RCED-98-180R, GAO/RCED-98-200R, and GAO/HEHS-98-178R.

**Appendix IV  
Observations on Agencies' Annual  
Performance Plans**

**Table 12: Characterizations of Agencies' Annual Performance Plans**

Agency	Characterizations					
	Picture of intended performance (unclear, limited, general, clear)		Strategies and resources (no discussions, limited, general, specific)		Data credible (no, limited, general, full)	
	1999	2004	1999	2004	1999	2004
Department of Education	Limited	General	Limited	General	Limited	General
Department of Energy	Limited	Limited	General	General	Limited	Limited
Department of Housing and Urban Development	Limited	General	Limited	General	Limited	General
Small Business Administration	Limited	General	Limited	General	Limited	General
Social Security Administration	Limited	Clear	Limited	General	No	General
Department of Transportation	General	Clear	General	Specific	Limited	Full

Sources: GAO/HEHS-98-172R; GAO/RCED-98-194R; GAO/RCED-98-159R; GAO/RCED-98-180R; GAO/RCED-98-200R; GAO/HEHS-98-178R; and Department of Education, *FY 2004 Annual Performance Plan* (Washington, D.C.: 2003); Department of Energy, *Annual Performance Plan, Fiscal Year 2004* (Washington, D.C.: 2003); Housing and Urban Development, *Annual Performance Plan, Fiscal Year 2004* (Washington, D.C.: 2003); Small Business Administration, *Budget Request & Performance Plan: FY 2004 Congressional Submission* (Washington, D.C.: 2003); Social Security Administration, *Annual Performance Plan, Fiscal Year 2004* (Washington, D.C.: 2003); and Department of Transportation, *Fiscal Year 2004 Performance Plan* (Washington, D.C.: 2003).

The remainder of this appendix discusses our observations on how the quality of each of the agencies' annual performance plans we reviewed has changed since the agencies submitted their first performance plans in 1999. We did not independently verify or assess the information we obtained from agency annual performance plans. If an agency chose not to discuss its efforts concerning elements in the plan, it does not necessarily mean that the agency is not implementing those elements.

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## Observations on Changes in the Quality of Education's Annual Performance Plan

Education's fiscal year 2004 annual plan<sup>7</sup> provides a general picture of intended performance across the agency—an improvement over the 1999 plan—because the measures and indicators adequately indicate progress toward meeting annual targets; the measures are objective, measurable, and quantifiable; and baseline and trend data are included where available. However, the relationship between the goals and measures in volume 2 and the long-term goals in volume 1 is not clear and the plan does not make clear whether, and, if so, how, all of the program activities in the department's budget are covered by the annual performance goals.<sup>8</sup> In another improvement over the 1999 plan, volume 1 of the 2004 plan provides a general discussion of Education's strategies and resources to achieve its goals by presenting strategies and resources and the projected distribution of fiscal year 2004 funding and staffing for each long-term goal. The plan also adequately recognizes and discusses external factors that could affect the department's performance. However, the resources and many of the strategies are not directly linked to the achievement of individual annual performance goals and no strategies or resources are designated for the goals and measures in the program performance plans in volume 2. Lastly, the 2004 plan provides general confidence that agency performance information will be credible. The 2004 plan contains information on data sources for most of its measures, and for some, identifies limitations. The plan also includes an appendix entitled "Information Quality Guidelines" which recognizes data quality as a major challenge for the agency and says that its improvement is a top priority.

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<sup>7</sup>Education's plan states that its fiscal year 2004 annual plan includes both department-level measures and program performance plans. These are organized into two volumes: the *Annual Plan Fiscal Year 2004 U.S. Department of Education* includes the department-level measures and the *FY 2004 Program Performance Plan: U.S. Department of Education* includes the program performance plans with their individual program measures. These volumes are presented in a slightly different electronic format for the public and other parties in general, which is available at Education's Web site. The two volumes will henceforth be referred to as Education's 2004 annual plan, or, where applicable, volume 1 and volume 2.

<sup>8</sup>Education's 2004 annual plan represents its annual performance goals as "targets." According to GPRA, the definition for "performance goal" is "a target level of performance."

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Education's Fiscal Year 2004  
Performance Plan Provides  
a General Picture of  
Intended Performance

Education's 2004 annual plan generally defines expected performance. Measures and indicators are formulated so as to adequately indicate progress towards meeting annual targets, seem to sufficiently cover key performance aspects, and adequately capture important program distinctions. The plan contains about 360 measures between volumes 1 and 2, an improvement over the 860 contained in its 1999 plan, which we judged to be potentially excessive for an annual performance plan and possibly interfering with Education's ability to assess its performance. Unlike in our review of the department's 1999 annual plan, the measures and indicators in the 2004 plan are objective, measurable, and quantifiable. For example, most measures and indicators are set up to measure percentages, cost, counts, or other numerical values with measurable, quantifiable 2004 targets. In most cases where a measurable target is not given, the plan provides a reasonable explanation, such as a new program or the measure being new, or a case where data are not collected or available each year. In most cases, the plan provides trend data for measures, which provides a helpful context for assessing the relevance of the 2004 targets, or an explanation of why such data were not provided (e.g., the baseline has not yet been established because the measure and/or program are new).

In our review of Education's 1999 annual plan, we said that greater outcome measure use would make future annual plans more useful. The 2004 plan frequently includes outcome goals and measures, such as a measure for the number of states meeting their eighth-grade mathematics achievement targets under the long-term goal to improve mathematics and science achievement for all students.

Volume 1 of Education's 2004 annual plan directly aligns strategies, action steps, measures, and targets with each of Education's long-term goals and six strategic goals,<sup>9</sup> containing the same strategic goals, long-term goals, and mission as the 2002-2007 strategic plan. In our review of the 1999 plan, we also found that the plan had performance goals in volume 1 that were directly linked to its mission, strategic goals, and objectives. However, the relationship between the goals and measures in volume 2 and the long-term goals in volume 1 was not made clear in the department's 2004 annual plan, which was similar to what we found in our review of Education's 1999

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<sup>9</sup>In this report, we refer to the multiyear, long-term objectives in Education's annual plan as "long-term goals." The strategic goals included in the plan represent overarching statements of aim or purpose that are used to group Education's long-term goals.

plan—that the department could more directly link the goals and measures in volume 2 with the strategic objectives (long-term goals). Education's fiscal year 2002 Performance and Accountability Report includes a table making it clear that these programs and their goals and measures are aligned across Education's strategic and long-term goals. By including such a table in its annual performance plan, Education could clearly show the link between the goals and measures in volume 2 and the long-term goals in volume 1.

Although volume 2 of the 2004 annual plan states that it contains individual program performance plans for all major programs and many smaller programs, the annual plan does not make clear whether, and, if so, how all of the program activities in the department's budget are covered by performance goals. In contrast, we found that the 1999 plan provided sufficient information to determine which performance goals and measures in volume 2 covered which program activities in the budget and whether all were covered. For example, the 1999 plan contained tables indicating the funding levels for the program activities in the department's budget and how those activities related to the programs in volume 2.

In our review of Education's 1999 annual plan, we gave the agency credit for addressing the need to coordinate with other federal agencies having related strategic goals or performance goals. However, we further noted that Education could build on its foundation by identifying performance goals that reflect activities being undertaken to support programs of a crosscutting nature and specifying the activities each agency would undertake and what it expects to achieve within the fiscal year. While selected action steps in the 2004 plan refer to instances where the department will coordinate or cooperate with other federal agencies, the plan does not include steps or goals for most crosscutting issues identified in Education's strategic plan. For example, for a crosscutting issue identified in the strategic plan on safe and drug-free schools and communities, Education said it partners with the Departments of Justice (Justice) and HHS to promote drug and alcohol education programs and to disseminate information to schools and private organizations. The department also coordinates closely with the Office of National Drug Control Policy, and works closely with the Office of Juvenile Justice and Delinquency Prevention Programs to share innovative ideas and promote prevention strategies and programs. The relevant annual plan sections in both volumes 1 and 2 do not identify goals or action steps related to these

interactions. Additionally, according to our report on Education's June 1997 draft strategic plan,<sup>10</sup> the department has numerous crosscutting programs and activities, such as those related to early childhood and employment training, and the 2004 annual plan does not address them all.

Education's 2004 annual plan discusses applicable goals, measures, and strategies for two governmentwide major management challenges regarding strategic human capital management and information security, as well as three of the four major management challenges we identified for Education in our January 2001 *Performance and Accountability Series*.<sup>11</sup> For example, for its student financial assistance programs, the department has developed performance targets for fiscal year 2004 related to being removed from our high-risk list, increasing the default recovery rate, and decreasing grant overpayments to students. Also, a key strategy under its goal to improve the strategic management of the department's human capital is to develop a 5-year human capital plan, including developing a recruitment plan and relevant training programs. For the fourth of Education's major management challenges—promoting coordination with other federal agencies and school districts to help build a solid foundation of learning for all children—the 2004 plan did not include specific goals or measures, but it did discuss some related strategies and steps, such as using partnerships with other federal programs to promote development of intervention strategies and methods to address the high incidence of learning disabilities and illiteracy among adolescents attending high schools.

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### Education's Fiscal Year 2004 Performance Plan Provides a General Discussion of Strategies and Resources

In our review of Education's 1999 annual plan, we found that the plan had a limited discussion of how the department's strategies and resources would help achieve its annual performance goals. The 2004 plan includes strategies and resources under each of its long-term goals to be used to achieve its annual performance goals in volume 1, including the projected distribution of fiscal year 2004 funding and staffing, in both dollars and full-time-employees (FTE), for each long-term goal, under which the annual performance goals are organized. However, the resources and many of the

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<sup>10</sup>GAO/HEHS-97-176R.

<sup>11</sup>U.S. General Accounting Office, *Performance and Accountability Series—Major Management Challenges and Program Risks: A Governmentwide Perspective*, GAO-01-241 (Washington, D.C.: January 2001) and GAO-01-245.



strategies are not directly linked to the achievement of individual annual performance goals and no strategies or resources are designated for the goals and measures in the program performance plans in volume 2. Overall, the plan does not discuss how resources were allocated to each goal, a rationale for how the resources will contribute to improving performance, or the relationship of capital asset investments, including those for information technology (IT), to the achievement of specific goals. However, the plan does include a performance measure and goal for the cost and schedule of IT investments and a strategy for completing the department's enterprise architecture, which is to be used to guide IT capital decisions. In addition, the department has a plan for human capital management and a new performance appraisal system that is meant to link employee performance standards to the department's strategic priorities, but neither had been fully implemented.

In our review of the 1999 plan, we said that external factors that could affect performance were not discussed and that such factors are important for a department like Education because much of what it hopes to achieve depends on others and external events. In its 2004 plan, Education clearly acknowledges that improving support for its state, local, and institutional partners, who have the direct ability to influence outcomes the department seeks, is a major challenge. The plan contains numerous activities to handle this challenge, including, for example, to provide support and technical assistance, improve grant monitoring, and fund an annual survey of states' efforts. Moreover, although not labeled as addressing external factors, the plan has specifically related strategies and/or action steps for most external factors identified in Education's 2002-2007 strategic plan.

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**Education's Fiscal Year 2004  
Performance Plan Provides  
General Confidence That  
Performance Data Will Be  
Credible**

In our review of Education's 1999 annual plan, we found that it did not provide sufficient confidence that its performance information would be credible. For example, the 1999 plan did not sufficiently recognize limitations in Education's data for its elementary and secondary education programs. In comparison, Education's 2004 plan recognizes limitations in Education's data for many of its elementary and secondary education programs, as well as for other programs. In many of these cases, the plan also discusses plans to address these limitations. Also, the plan includes an appendix containing an abbreviated form of its "Information Quality Guidelines" and a sample checklist for statistical data from its complete guidelines. The appendix recognizes data quality as a major challenge to the department's successful implementation of GPRA and says that the improvement of data quality is a top priority. The checklist includes

several steps related to the verification and validation of data, such as evaluating data quality, including known limitations; addressing the reliability of data sources; and ensuring reproducibility of findings using the same data and methods of analysis. In addition, the plan usually identifies the sources of data and, although not in volume 1, includes a column on sources and data quality for each measure in volume 2, usually with an item entitled "Validated By" and, in some cases, "Limitations." In the end, the lack of direct control over the implementation of its programs, including the collection of data, is a significant data quality challenge that Education must face.

The 2004 annual plan also contains several action steps on new or changing information systems that relate to improving the collection of information for measuring performance. For example, under its strategy to reduce Education's partners' data reporting burden, the plan includes an action step to develop and implement the Performance-Based Data Management Initiative collection system. This step is directly related to the plan's measure to reduce the burden hours of Education program data collections per year.

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## Observations on Changes in the Quality of DOE's Annual Performance Plan

Compared to the fiscal year 1999 plan we reviewed, DOE's fiscal year 2004 performance plan continued to provide a limited picture of intended performance. Although the plan included more results-oriented annual performance measures, it still provided a limited linkage between its reported annual goals and its mission, strategic plan goals, and program activities within its budget request. Furthermore, the 2004 plan provided a general discussion of strategies and resources, similar to our 1999 findings. Finally, the 2004 plan provided a limited level of confidence that data will be credible by making little progress in reporting on the procedures it uses to ensure data quality or identifying significant data limitations, which is consistent with our 1999 findings.

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## DOE's Fiscal Year 2004 Performance Plan Provides a Limited Picture of Intended Performance

While DOE has improved its development of annual performance measures—referred to as targets—by making them more results oriented, the overall picture of performance is limited by the lack of alignment between its annual and strategic goals and minimal discussion of coordination with other agencies. Our review of DOE's 1999 plan found that many measures were unclear, appeared limited in scope, or were not very useful indicators of performance. We found these problems in the

performance plans for subsequent years as well. For the 2004 plan, however, the majority of the performance measures related to each goal were results oriented and pertained specifically to the performance of fiscal year 2004. An example of one measure requires DOE to train 4,000 federal employees by the end of fiscal year 2004 in energy management best practices that support National Energy Policy education goals.

DOE provided a limited link between its reported annual goals and its mission, strategic plan goals, and program activities within its budget request. While the 2004 annual performance plan goals address all of the major program activities in DOE's budget, the goals and mission of the 2004 plan do not align with the mission and goals for the 2003 draft strategic plan. This represents a set back because in our review of DOE's 1999 annual performance plan, we found that DOE clearly linked its annual goals to the agency's mission, strategic plan goals, and its program activities within its budget request. DOE officials told us the lack of linkage between the performance plan and the strategic plan was a matter of timing. According to these officials, the department originally updated its strategic plan at the same time as the annual performance plan, which was finalized in the early months of 2003, and the goals of each plan coincided, but the draft strategic plan goals were revised in the latter part of the year and no longer align with the 2004 performance plan.

DOE's ability to show coordination with other agencies is also limited. In 1999, we reported that DOE did not adequately show that it coordinated with other agencies that have related strategic or performance goals. DOE's 1999 plan contained very little evidence of specific goals and measures that addressed crosscutting programs and only briefly described coordination with other agencies. The 2004 plan does not specifically describe how coordination is taking place among crosscutting programs, but does identify groups that it is collaborating with on certain programs. In response, DOE officials told us the plan does not discuss what specific collaboration activities are taking place because it would require reporting too much detail for a performance plan. DOE officials stated that it collaborates at the program level, rather than the agency level, because the program plans pertain to an organizational layer lower than the annual performance plan.

Finally, the plan briefly mentions that the department has been identifying challenges and working on ways to address them. According to DOE officials, when developing annual targets for the department, management challenges are considered but not mentioned specifically in the report. Our review of management challenges in 2002 found that DOE had addressed all eight of its challenges in its 2003 annual performance plan.<sup>12</sup> In comparing these challenges to the 2004 plan, we found that DOE continues to have goals that address the eight challenges we identified in 2002 and the additional challenges that we identified in our 2003 performance and accountability report.<sup>13</sup>

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### DOE's Fiscal Year 2004 Performance Plan Provides a General Discussion of Strategies and Resources

DOE provided a general discussion of the strategies and resources that it will use to achieve its annual performance goals. DOE's 1999 plan partially provided clear and reasonable strategies for achieving performance goals, how strategies would contribute to achieving the performance goals, and key external factors that might affect performance. For each of the 2004 annual performance goals, DOE included a "Means and Strategies" section in the plan that described how each goal will be achieved. For example, one strategy identified to meet its goal of contributing unique, vital facilities to the biological and environmental sciences is to conduct peer reviews of the facilities to assess the scientific output, user satisfaction, and the overall cost-effectiveness of each facility's operations, and their ability to deliver the most advanced scientific capability. The 2004 plan includes a brief discussion of the department's overall needs, particularly in the areas of human capital, financial, and logistical resources. The plan also identified budget amounts for each of its goals. DOE's 1999 plan partially identified the resources needed to accomplish annual performance goals.

The plan also provided a general discussion of the external factors that could affect achievement of the goals, but it did not specifically discuss actions on how the external factors will be addressed. For example, the plan states that external factors related to DOE's goal of achieving reliable, affordable, and environmentally sound energy supplies, such as renewable fuels, include program funding, the state of the economy, the availability of

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<sup>12</sup>GAO-03-225.

<sup>13</sup>GAO-03-100.

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conventional supplies, the cost of competing technologies, and the continuation of federal tax incentives and other national-level policies.

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### DOE's Fiscal Year 2004 Performance Plan Provides Limited Confidence That Performance Data Will Be Credible

DOE has made limited progress on reporting the procedures it uses to ensure data quality. Its 1999 plan described how DOE would ensure that its performance information is sufficiently complete, accurate, and consistent, but did not discuss in detail DOE procedures on how to help ensure the quality of data or the process of collecting the data. The plan also did not identify significant data limitations and how they may affect DOE's ability to achieve performance goals. However, the 2004 plan showed some improvement over the 1999 plan by describing credible procedures to verify and validate performance information and specific program evaluations are mentioned for each goal. The plan also discusses that DOE acquired new commercial software for performance tracking through remote data entry, monitoring, and oversight by program offices and managers. The 2004 plan only identifies data limitations and any new or modified systems very briefly for a few relevant goals. According to DOE officials, with a few exceptions, its plans do not discuss data limitations because DOE writes goals that are not affected by data limitations. The goals are written to ensure that the data will be there to meet performance targets. However, our 2003 performance and accountability series identified several DOE management challenges where data quality was a concern, such as further upgrades needed for cyber security to ensure adequate protection of data and information systems and additional information on the results of contractors' performance to keep projects on schedule and within budget.

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### Observations on Changes in the Quality of HUD's Annual Performance Plan

HUD's annual performance plan for fiscal year 2004 improves upon areas where we previously reported shortcomings and generally meets the criteria set forth in GPRA. HUD's 2004 plan provides a general picture of intended performance by covering all the programs contained in HUD's budget and linking program activities to strategic goals and objectives. The plan also improved by providing specific information on HUD's strategies and activities along with performance measures it will use to assess progress toward its goals and discussing relevant external factors that could affect the attainment of certain program objectives. HUD also provides greater confidence that performance data will be credible by thoroughly discussing the data it will use for measuring progress toward its goals. Nevertheless, the plan could be further enhanced if it included more

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specific information on how funds will be allocated to achieve program objectives, explain how HUD will contribute to crosscutting efforts along with other agencies, and what steps it will take to mitigate the impact of external factors on its programmatic objectives.

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### HUD's Fiscal Year 2004 Performance Plan Provides a General Picture of Intended Performance

Since our review of HUD's annual performance plan for fiscal year 1999,<sup>14</sup> HUD has made progress in developing an annual performance plan that generally reflects the department's mission and provides a general picture of intended performance. HUD's most recent performance plan covers the program activities contained in its budget, and generally links program activities to strategic goals and objectives, key items missing from its plan for fiscal year 1999. HUD has also improved the quality of its performance plan by including performance measures that generally indicate how the department will gauge progress toward achieving its goals. For example, the performance plan lists a series of performance measures for each objective that can be used to indicate progress towards the department's goals and expected performance. These measures are also objective and a number of them have been quantified, another key area where HUD has improved since its first performance plan. For example, activities supporting HUD's long-term strategic objective to "Improve the Physical Quality and Management Accountability of Public and Assisted Housing" include, among other things, eliminating 100,000 units of the worst public housing. According to the current plan, the department intends to demolish 10,000 of these units in fiscal year 2004.

While HUD's most recent annual performance plan generally identifies other agencies it will coordinate with to address crosscutting efforts, it does not discuss how it plans to work with these agencies to address these crosscutting activities. For example, the plan states that the Interagency Working Group on Limited English Proficiency will ensure that persons with limited English proficiency will have meaningful access to funded and federally conducted programs and activities. However, the plan does not discuss what HUD's contribution to this multiagency effort will be, what strategies it will employ, or how it will measure progress toward achieving the strategies of this multiagency effort.

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<sup>14</sup>[GAO/RCED-98-159R](#).

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HUD's current performance plan is an improvement compared to its fiscal year 1999 plan as it describes steps HUD will take to address major management challenges. One of HUD's strategic goals, "Embrace High Standards of Ethics, Management, and Accountability," identifies five objectives that cover management challenges, some of which have been raised by GAO and the HUD IG. These objectives discuss plans to rebuild HUD's human capital and diversify its workforce; improve HUD's management, internal controls, and resolve audit issues; improve accountability, service delivery, and customer service; ensure program compliance; and improve internal communication and employee involvement.

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HUD's Fiscal Year 2004  
Performance Plan Provides  
a General Discussion of  
Strategies and Resources

HUD's most recent performance plan also improves upon earlier plans we reviewed in providing readers an idea of the strategies that HUD will employ to carry out its goals. Each strategic goal in the annual performance plan contains a section titled "Means and Strategies," which describes activities HUD will pursue to support that goal. For example, to support its goal of "Increasing Homeownership Opportunities," HUD will fund low-income homeowner assistance programs to provide approximately 40,000 families with down payments and closing costs on their homes, 473,199 families with home purchase and homeownership counseling, and about 232,370 families with rental counseling.

HUD's performance plan also discusses the strategies it will employ to address the department's human capital issues, such as the upcoming potential wave of employees planning to retire and the need to equip staff with the desired knowledge and skills. For example, HUD completed a staff resource estimation and allocation system in 2002, and it will conduct a comprehensive workforce analysis in 2004 to serve as the basis to fill mission-critical skill gaps through succession planning, hiring, and training initiatives in its Five-Year Human Capital Management Strategy.

Although HUD has made progress in linking its resources to strategies, it could improve the discussion by linking funding allocations to specific performance goals, thus making the plan more informative. The plan discusses budget and staff allocations for programs supporting each strategic goal. For instance, portions of HUD's Community Development Block Grants Fund and Home Investment Partnership Program, with a combined budget authority for fiscal year 2004 of more than \$2.5 billion and staff of 203, support the strategic goal of promoting "Decent Affordable Housing." However, it is unclear what resources will be used to pursue

specific performance targets for each program. Additionally, HUD does not mention in its plan how IT and capital resources will be used to support its programs.

Anticipating that some aspects of the department's strategic goals are intertwined with broader phenomena, the performance plan also discusses several external factors relevant to each strategic goal that could affect HUD's ability to meet its objectives. For example, for its strategic goal "Promote Decent and Affordable Housing," HUD states that broad economic factors can affect opportunities for low-income workers relying on the department for rent assistance to make progress towards self-sufficiency. However, it is unclear from the performance plan what actions, if any, HUD has put in place to mitigate the effect of these external factors.

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### HUD's Fiscal Year 2004 Performance Plan Provides General Confidence That Performance Data Will Be Credible

HUD has also made significant progress in providing assurance that the department will be able to use credible data to gauge progress towards achieving its goals. HUD identifies the steps it (or others) will take to verify and validate the performance data to ensure that what is reported on HUD's performance will be credible. For example, for its objective "Increasing Minority Homeownership," HUD will rely on, among other indicators, the rate of minority homeownership from the Current Population Survey conducted monthly by the U.S. Census Bureau. HUD will not verify the data because the Bureau performs that task. Additionally, HUD also includes in its most recent performance plan a discussion of the inherent limitations of the data it will use and generally discusses steps it will take to improve the measure, providing the reader with a clearer expectation of what HUD will be able to report.

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### Observations on Changes in the Quality of SBA's Annual Performance Plan

SBA's 2004 performance plan shows progress made over the agency's 1999 performance plan. In contrast to our review of SBA's 1999 plan,<sup>15</sup> the 2004 plan provides a general picture of intended performance by discussing coordination between SBA and other federal agencies on crosscutting activities. Resource analysis sections throughout the plan provide a general discussion of how SBA has previously used its resources to achieve its goals and how it intends to use future resources for the same purposes. The 2004 plan also provides general confidence that SBA's performance

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<sup>15</sup>GAO/RCED-98-200R.



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data will be credible by including more detail on how SBA verifies and validates its data, as well as by identifying data limitations. However, several areas of the plan could be improved, such as clearly linking SBA's performance indicators, performance goals, and programs.

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### SBA's Fiscal Year 2004 Performance Plan Provides a General Picture of Intended Performance

SBA's fiscal year 2004 performance plan provides a general picture of intended performance. The performance goals and performance indicators in the plan are generally objective, measurable, and quantified. Performance indicators are listed throughout the plan by related programs and strategic programmatic goals. Performance goals and outcome goals are listed for each strategic programmatic goal. In our review of SBA's fiscal year 1999 performance plan, we noted that SBA's performance goals were objective and measurable, its performance measures were generally objective and quantified, and that the performance goals in the plan were clearly linked to SBA's strategic goals and objectives.

Like the performance measures contained in its 1999 plan, the 2004 plan's performance indicators will be useful in assessing progress towards SBA's performance goals. For example, the performance indicator "Regulatory Cost Savings to Small Business" will adequately show progress for the corresponding performance goal "Cost savings for small business due to the efforts of the Office of Advocacy." In this example, the performance indicator, which is listed under the Advocacy Program, can be linked to a performance goal because of a crosswalk that relates outcome goals, performance goals, and programs. However, there is not always such a clear link between all of SBA's performance indicators and performance goals because indicators are listed by program instead of by performance goal. The BusinessLaw.gov program is linked to three performance goals: "number of users of BusinessLaw.gov," "reduced cost to businesses and regulatory agencies," and "increased rate of compliance." While the first two performance goals appear related to the first two indicators listed in the BusinessLaw.gov program section, there is no clear relationship between any of the other performance indicators for this program and the third performance goal, "increased rate of compliance."

SBA's 2004 performance plan contains annual performance goals that generally cover the agency's budget activities. The 2004 performance plan contains a budget crosswalk that "shows how the goals relate to specific and general program areas." This is an improvement over the 1999 plan, which we noted contained a budget crosswalk, but the categories in it did not match SBA's budget accounts or activities by name or account number.

However, the performance plan does not seem to cover all of SBA's programs. Three "advocacy" programs listed in the crosswalk do not seem to be contained in the plan: Business.gov, Disability Initiative, and National Women's Business Council.

Each strategic programmatic goal section in the 2004 plan contains a discussion of crosscutting issues. Several examples of coordination efforts are given, such as SBA working with the Department of Defense to integrate the PRO-Net system with the Central Contractor Registry and SBA partnering with the Federal Acquisition Institute to develop on-line training courses for small business programs. In contrast, SBA's 1999 performance plan provided little information on SBA's coordination efforts with other entities whose programs and activities crosscut those of SBA.

SBA's 2004 performance plan generally addresses performance and accountability challenges we have previously identified. For example, we have previously stated that SBA needs to strengthen its performance in human capital management. The 2004 plan includes outcome goals, performance goals, and programs to address SBA's strategic management of human capital in a section on the PMA.

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### SBA's Fiscal Year 2004 Performance Plan Provides a General Discussion of Strategies and Resources

The 2004 performance plan provides a general discussion of the strategies and resources SBA will use to achieve its goals. Each strategic programmatic goal and each of the goals for the PMA contains a discussion of the strategies for accomplishing the goals. These discussions provide a broad overview of the strategies used at the strategic programmatic goal level. For example, the plan includes a strategy for SBA's strategic management of human capital. The strategy lays out SBA's Transformation and Human Capital plans, which will be used to implement a new vision of SBA. In its 1999 performance plan, SBA discussed strategies for most of its performance goals, although for some of the goals the strategies were missing.

Each strategic programmatic goal and several of the PMA goals contain brief discussions of external factors that could affect the achievement of SBA's goals. These discussions include actions to address external factors, such as working with an Interagency Acquisition Working Group under the Procurement Executives Council to develop supplemental performance measures to better evaluate the success of its programs. In 1998, we noted that SBA's 1999 plan recognized certain external factors and contained a discussion of actions SBA could take to mitigate the effects of such factors

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for one of its strategic goals. We stated that it would be useful for SBA to include a similar discussion of external factors and mitigation strategies for its other strategic goals.

Each program listed throughout the plan has a resource analysis section that describes how resources were used in fiscal year 2002. Some of these analyses also include planned resources for fiscal year 2004. For example, the resource analysis section for the Small Business Development Centers (SBDC) program states that for fiscal year 2004 SBA requested approximately the same level of funding as in fiscal year 2002. In 2002, 85 percent of the funds were for grants, while the other 15 percent covered field support, program management, and overhead costs such as rent, legal services, human resources, and information technology support. Some of the resource analyses also contained pie charts of the breakdown of costs. This is an improvement over SBA's 1999 performance plan, which we found did not specifically identify the human or technological resources that SBA would need to achieve its performance goals.

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### SBA's Fiscal Year 2004 Performance Plan Provides General Confidence That Performance Data Will Be Credible

SBA's 2004 performance plan provides general confidence that its performance data will be credible. An appendix of the performance plan contains verification and validation information, as well as data limitations and remedies for these limitations for most of SBA's performance indicators. However, the appendix does not include this information for the performance indicators of the disaster loan program, nor are any of the PMA performance indicators discussed in the appendix.

Generally, the discussions of SBA's verification and validation processes for its indicators in the 2004 plan are one- or two-sentence statements. For one of the indicators, "number of jobs created and retained by the 7(a) loan program," SBA states that it does not have access to the data for verification purposes. SBA also notes that it does not independently verify some of the external data it gathers, as is stated in the verification discussion of the indicator, "504 loans to emerging market firms." This is an improvement over SBA's 1999 performance plan, which included brief descriptions, often only one or two words, on the means it used to verify and validate its data. We noted in our report on the 1999 plan that these appeared to be sources of data for the measures rather than means to verify and validate the data.

The data limitations contained in SBA's 2004 performance plan are generally one-sentence statements and the same limitations are used for

multiple indicators. For example, several limitations, such as “the measure is based on the number of approved loans” or “information is derived from loan approval data,” are used for multiple indicators. The appendix also lists remedies for the data limitations for each indicator. For example, a limitation of SBA’s indicator “small business appointments conducted with procurement officials” is that the indicator may not capture unscheduled appointments. The remedy for this limitation is to keep track of both scheduled and unscheduled appointments. The discussion of data limitations and their remedies in the 2004 plan shows progress over SBA’s 1999 plan, which did not contain a discussion of data limitations.

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## Observations on Changes in the Quality of SSA’s Annual Performance Plan

Compared to the fiscal year 1999 plan we reviewed, SSA’s performance plan provided a clear picture of intended performance by (1) defining expected performance, (2) offering trend data, which helps track progress toward performance goals, and (3) using objective, measurable, and quantifiable performance measures. SSA also provided general information on its strategies and resources, somewhat better than our 1999 findings. Finally, the plan provided a general level of confidence that data will be credible by describing the Inspector General’s (IG) involvement in data testing, providing data sources and definitions, and identifying some data weaknesses, an improvement over the 1999 plan. However, SSA’s performance plan still does not fully discuss the agency’s coordination with other agencies, identify performance goals that clearly cover all the program activities, address how SSA plans to use the information from the evaluations to improve program results, identify the resources needed to address each performance goal, and discuss data verification and validation procedures for its internal systems.

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## SSA's Fiscal Year 2004 Performance Plan Provides a Clear Picture of Intended Performance

Overall, SSA's fiscal year 2004 performance plan has improved over its 1999 plan.<sup>16</sup> The 1999 plan only provided a partial picture of SSA's intended performance across the agency. In June 1998, we reported that SSA's 1999 Annual Performance Plan contained performance goals, many of which were measurable and linked to the agency's strategic goals<sup>17</sup> and objectives; some of the performance goals related to particular strategic goals were objective, measurable, and quantifiable. However, other goals were not measurable or quantifiable and did not define the level of performance to be achieved, thus making it difficult to see how SSA would assess success.

SSA's fiscal year 2004 plan provides a much clearer picture of intended performance through (1) defining expected performance, (2) offering trend data, which helps track progress toward performance goals, and (3) the use of objective, measurable, and quantifiable performance measures. For example, as part of the strategic objective to "Prevent fraudulent and erroneous payments and improve debt management," SSA provided historical data on the outcome measure "Percent of SSI payments free of preventable error (overpayments and underpayments)" from fiscal years 1999-2001 and projected goals for fiscal years 2002-2004.

While we found significant improvements in SSA's 2004 annual performance plan over its 1999 plan, we also found some weaknesses. For example, coordination efforts with other entities, such as federal agencies, state and local entities, and others, are not well identified. According to SSA officials, SSA coordinates with other federal agencies, such as the IRS and the Immigration and Naturalization Service, as well as Veterans Administration, on information-sharing initiatives. However, these types of coordination efforts are mentioned only briefly, if at all, in the 2004 annual performance plan.

In its 2004 plan, SSA includes a list of major program evaluations it plans to conduct during 2003-2004, with a brief description of the evaluations, their associated strategic goals, and projected completion dates. However, there is no indication how SSA plans to use the information from the evaluations

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<sup>16</sup>Much of this improvement took place between the 1999 and 2000 plans. We reported that SSA's fiscal year 2000 performance plan showed significant improvement over its 1999 plan in U.S. General Accounting Office, *Observations on the Social Security Administration's Fiscal Year 2000 Performance Plan*, [GAO/HEHS-99-162R](#) (Washington, D.C.: July 20, 1999).

<sup>17</sup>SSA reduced its strategic goals from five to four in its 2003-2008 strategic plan.

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to improve program results. The plan could be enhanced if the descriptions of these evaluations included the manner in which SSA planned to use the information gathered to improve its programs.

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SSA's Fiscal Year 2004  
Performance Plan Provides  
a General Discussion of  
Strategies and Resources

SSA's 1999 plan had little discussion of the relationship between SSA's mission, goals, and budget activities. Throughout the document, the fiscal year 2004 plan included clearer discussions of the linkage between SSA's mission and goals. It also provided performance data dating back to fiscal year 1999, essential to making comparisons between prior and proposed levels of performance. The 2004 performance plan noted that the Limitation on Administrative Expenses account, SSA's basic administrative account, is an annual appropriation that covers everything from salaries and benefits of SSA federal employees (excluding IG) to systems and telecommunications activities. SSA provided information on the funding sources of this account, including some of its budget accounts.

In its fiscal year 2004 plan, SSA provided information on the strategies it plans to use in addressing its key strategic objectives. The plan included a summary chart, showing the strategic objectives associated with each strategic goal, as well as the performance measures under each objective. In addition, the "means and strategies" section associated with each strategic objective identified strategies that support items in the PMA, GAO and IG major management challenges, and Social Security Advisory Board recommendations. In our October 2002 report *Performance and Accountability: Reported Agency Actions and Plans to Address 2001 Management Challenges and Program Risks*,<sup>18</sup> we noted that SSA identified directly related goals and measures for five of its six challenges, and had strategies (without goals or measures) for the sixth challenge.

It is difficult to determine whether or not the annual performance plan identifies annual performance goals that cover all of the program activities in the agency's budget, as well as the financial, human capital, and information technology resources needed to address each individual goal. General human capital requirements and goals are identified as part of SSA's strategic goal to strategically manage and align staff to support SSA's mission. The plan is neither structured by program activity nor account. SSA noted that it aligned its strategic goals, performance measures, and

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<sup>18</sup>GAO-03-225.

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budget with its major functional responsibilities rather than by program accounts since direct service and support employees provide services linked to these functional responsibilities, as opposed to a specific program. However, SSA does not indicate what it means by “functional responsibilities,” nor does it show a clear link between its strategic goals and such responsibilities.

As in the fiscal year 1999 plan, the fiscal year 2004 plan included a discussion of external factors that could affect the achievement of its goals.<sup>19</sup> SSA identified strategies to alleviate some, but not all of, the factors. For example, SSA plans to mitigate the loss of institutional knowledge through SSA’s “retirement wave” through the use of employee development programs, redeploying positions to direct service, hiring Presidential Management Interns, and the increased use of hiring flexibilities. However, the discussion of factors affecting SSA’s solvency strategic goal merely notes that Social Security programs must respond to related developments.

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**SSA’s Fiscal Year 2004  
Performance Plan Provides  
General Confidence That  
Performance Data Will Be  
Credible**

SSA’s 1999 plan stated that the Office of the Inspector General was responsible for reviewing the data systems underlying its performance measures, but did not provide further details that would assure the reader that SSA is taking the steps necessary to ensure data integrity. In contrast, SSA’s fiscal year 2004 plan provided data sources and definitions for each performance measure. SSA’s fiscal year 2004 plan identified data limitations related to performance measures, as well as some efforts to correct or address data weaknesses. When performance indicators and goals are not quantified, SSA describes its benchmarks for goal achievement. For example, for the outcome measure “Developing new performance management systems,” SSA defines “Implementing the new SES system” as its goal for 2003.

As in the fiscal year 1999 plan, SSA notes that the IG’s office is involved in the data system reliability process. In the fiscal year 2004 plan, SSA went further to explain the IG’s four-point approach to reviewing performance measures, including assessing whether the reported performance measure data are valid. SSA also noted that performance data for its quantifiable measures are generated by automated management information and

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<sup>19</sup>SSA refers to external factors as environmental factors.

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workload measurement systems, as a by-product of routine operations. However, there is no discussion of verification and validation procedures for data generated by these systems.

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## Observations on Changes in the Quality of DOT's Annual Performance Plan

DOT's annual performance plan for fiscal year 2004 showed evidence of improvements in areas that we previously identified had shortcomings in our 1998 review of DOT's 1999 performance plan.<sup>20</sup> The 2004 plan provides a clear picture of intended performance with DOT's measures and performance goals now being clearly linked to the department's strategic objectives. A specific discussion of DOT's strategies and resources in the plan includes numerous and detailed strategies for achieving DOT's performance goals, and the resources needed for those strategies. Procedures to verify and validate data, as well as known data limitations, are described for each performance measure providing full confidence in the credibility of DOT's performance data. Still, the performance plan could be improved by including a discussion of, and performance measures for, each of DOT's program activities and by more consistently describing DOT's role in crosscutting programs.

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## DOT's Fiscal Year 2004 Performance Plan Provides a Clear Picture of Intended Performance

DOT's fiscal year 2004 performance plan shows evidence of many of the same strengths as, and a few improvements over, its fiscal year 1999 performance plan and provides a clear picture of intended performance. The 2004 plan lists outcome goals, performance goals, and measures by strategic objective, all of which are generally objective, quantifiable, and can show progress toward DOT's strategic objectives. For example, the measure "fatalities per 100 million vehicle-miles of travel" will gauge progress toward the performance goal "reduce highway fatalities per 100 million vehicle-miles traveled to no more than 1.0 in 2008, from 1.7 in 1996." The data gathered by the measure will also show progress toward the related outcome of "reduce the number of transportation-related deaths" for DOT's "safety" strategic objective. This is an improvement over DOT's 1999 plan in which we found that DOT's performance goals typically covered only a portion of the strategic goals and the link between annual performance goals and strategic goals could be improved.

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<sup>20</sup>GAO/RCED-98-180R.



DOT's plan also presents trend and baseline data for each performance measure and goal. For the example given above, the plan indicates the performance targets from 1999 to 2004 and also presents actual data for these targets for 1999 to 2002. In its 1999 plan, DOT had provided baseline data for most of its performance goals and measures as well. This information, along with the clearly linked performance goals and strategic objectives, helps to show DOT's progress in achieving its goals.

As in the 1999 plan, DOT's 2004 performance plan generally covers each program activity in its budget request for fiscal year 2004. An appendix to the performance plan lists DOT's program activities and indicates the proposed funding level for each program by strategic objective. However, as in its 1999 plan, a few programs do not seem to be linked to the strategic objectives elsewhere in the plan. Capital grants to the National Passenger Rail Corporation (Amtrak) and the Bureau of Transportation Statistics' Office of Airline Information are both linked to the "mobility & economic growth" strategic objective in the budget crosswalk, but they do not appear in the discussions contained within that strategic objective section. When the 2004 plan was published in February 2003, DOT had not yet released its new reform strategy for Amtrak, which was made public in July 2003. Still, the inclusion of information on Amtrak, as well as a discussion of the Bureau of Transportation Statistics' Office of Airline Information, would provide a clearer picture of how DOT intends to achieve its goals.

The discussions of each performance goal have sections entitled "Other Federal Programs with Common Outcomes." In this section, the plan describes crosscutting programs and other agencies with which DOT works. For example, the plan states that the Research and Special Programs Administration of DOT continues to develop the National Pipeline Mapping System with the Federal Energy Regulatory Commission, the National Oceanic and Atmospheric Administration, the Department of Energy, the U.S. Geological Survey and others, in order to help analyze risks to environmentally sensitive and populated areas. This supports DOT's efforts to reduce pipeline incidents. Yet for several goals, coordination efforts are not described. One example of this is in the highway congestion section where the plan states that the Federal Highway Administration works closely with the Department of the Interior, Department of Agriculture, and Department of Defense agencies to improve mobility on federally owned lands. However, the plan does not describe the specific actions that are being taken to improve mobility. Our 1998 report stated that DOT's contribution or role was not described in many of the crosscutting programs listed in DOT's 1999 performance plan.

The 2004 performance plan generally addresses performance and accountability challenges we previously identified. The discussions of these management challenges are included in the plan by the performance goal and programs to which they are related. For example, in discussing highway safety, DOT addresses our concerns on transportation safety, specifically through the use of safety belts. The strategies include continuing the National Highway Traffic Safety Administration's safety belt outreach to high-risk populations and encouraging states to embrace "Click It or Ticket" as the message or theme for their Buckle Up Campaigns. A performance measure related to this management challenge included in the plan is "percentage of front seat occupants using safety belts." However, not all of the management challenges have related measures and goals. For example, we have previously identified building human capital strategies as a management challenge for DOT. A section within the plan focuses on an "organizational excellence" objective to implement the PMA. Strategic management of human capital strategies is discussed in this section but no goals or measures are given to show DOT's progress with these strategies. Still, this shows some improvement over the 1999 plan, which generally covered management challenges, but did so in a separate appendix without explaining how the challenges were related to the rest of the plan. We noted that this area could be improved by including goals and measures related to resolving these challenges.

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**DOT's Fiscal Year 2004  
Performance Plan Provides  
a Specific Discussion of  
Strategies and Resources**

DOT's 2004 performance plan shows several improvements over its 1999 performance plan, providing a specific discussion of strategies and resources. Discussions of each performance goal include a section titled "Strategies and Initiatives to Achieve 2004 Target." These sections include a variety of means by which DOT intends to accomplish its performance goals. One example would be for DOT's performance goal to "reduce pipeline hazmat (hazardous materials) spilled 30 percent by 2006, from the last five years' average spill rate." The strategies for this goal include enforcing operator qualification requirements, expanding monitoring technology that can help prevent construction-related damage to pipelines, and developing regulatory standards for leak detection technology. This shows progress from when we reported that DOT's 1999 performance plan lacked sufficient information to clearly link the strategies to performance goals in many cases.

In contrast to its 1999 performance plan, DOT's 2004 performance plan generally discusses the human, capital, information, and other resources needed to meet its performance goals. Each performance goal section of

the performance plan includes a graph showing the enacted funding for fiscal year 2002, and the proposed funding for fiscal years 2003 and 2004. The organizational excellence objective for DOT describes DOT's human capital and information technology resources and strategies. For example, one of DOT's strategies for strategic management of human capital is to "establish a corporate approach to target recruitment efforts, with special emphasis on cross-modal, mission-critical occupations," which includes a pilot program for centrally recruiting and training entry-level employees for one or more mission-critical occupations.

The 2004 plan also discusses external factors that could hamper DOT's ability to achieve its performance goals. In our review of DOT's 1999 performance plan, we noted that the plan could be improved by recognizing more external factors and by discussing actions that DOT could take to mitigate the effects of these factors. In contrast, external factors are listed for most of the performance goals in the 2004 plan. For its transportation accessibility goals, DOT states that as the population ages, more people will require accessible public transit, for which states and local agencies decide how best to allocate federally provided resources. One of the strategies that addresses this external factor is the Special Needs of Elderly Individuals and Individuals with Disabilities grants, which DOT states will help meet the transportation needs of the elderly and persons with disabilities when regular transportation services are unavailable, insufficient, or inappropriate to meet their needs.

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### DOT's Fiscal Year 2004 Performance Plan Provides Full Confidence That Performance Data Will Be Credible

The 2004 plan provides full confidence that DOT's performance data will be credible. As in the 1999 performance plan, the 2004 performance plan contains a section, entitled "Performance Data and Performance Measurement," that discusses the means that DOT uses to verify and validate its data. But unlike the 1999 plan in which this discussion was broad and not linked to specific goals and measures, the 2004 plan also contains an appendix that provides the following for each of DOT's measures: the source of the data, limitations of the data, observations on the quality of the data, work planned or ongoing to improve data quality, and any known biases. Finally, DOT has compiled source and accuracy statements,<sup>21</sup> which provide more detail on the methods used to collect the

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<sup>21</sup>Bureau of Transportation Statistics, *Source & Accuracy Compendium*, <http://www.bts.gov/statpol/SAcompendium.html> (Washington, D.C.: Aug. 15, 2003).

data, sources of variation and bias in the data, and methods used to verify and validate the data.

The presentation of data limitations in DOT's 2004 performance plan also shows progress from its 1999 plan. The Performance Data and Performance Measurement section includes a general discussion of DOT's data limitations. This discussion includes limitations for the internal and external data used by the department. Specific limitations for internal data can be found in the aforementioned source and accuracy compendium, while details on the limitations of external data are given in the appendix on performance measures. In our report on DOT's 1999 performance plan, we stated that information on data limitations was lacking for most measures and that the plan could be improved by more consistently addressing the data limitations throughout the plan.

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# Observations on Agencies' Annual Performance and Accountability Reports

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To help Congress and the President determine agencies' actual performance and progress in achieving strategic plan goals, GPRA requires each agency to prepare a report on program performance for the previous fiscal year.<sup>1</sup> One of our objectives was to assess the overall quality of agencies' annual performance and accountability reports and the extent to which selected elements of agency reporting have improved. To meet this objective, we judgmentally selected six agencies—Education, DOE, HUD, SBA, SSA, and DOT—using criteria, such as agency size, primary program type, and previous GAO reviews. To assess the overall quality and improvements made to the agencies' performance and accountability reports, we relied on requirements and guidance contained in GPRA and accompanying committee report language,<sup>2</sup> guidance to agencies from OMB for developing performance reports,<sup>3</sup> interviews with agency officials, the Chief Financial Officers Act,<sup>4</sup> our previous reports,<sup>5</sup> and our knowledge of agencies' operations and programs. To assess the quality of the six agencies' performance and accountability reports, we categorized each report based on the degree to which it addressed three characterizations: (1) picture of performance, (2) link between resources and results, and (3) credibility of performance information.

To assess the degree to which an agency's report provided a clear picture of performance across the agency, we reviewed the extent to which the report addressed elements required by GPRA. The annual performance report should:

- describe the performance indicators established in the agency's annual performance plan, along with the actual program performance achieved compared with the performance goals expressed in the plan for that fiscal year;

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<sup>1</sup>Office of Management and Budget, *Memorandum: Program Assessment Rating Tool (PART) – Presentation in Congressional Justifications*, M-03-06 (Washington, D.C.: 2003).

<sup>2</sup>*Government Performance and Results Act of 1993*, Committee on Governmental Affairs, United States Senate, S. Rpt. No. 58, 103d Cong. 1st Sess. (1993).

<sup>3</sup>OMB Circular No. A-11, Part 6, *Preparation and Submission of Strategic Plans, Annual Performance Plans, and Annual Program Performance Reports* (Washington, D.C.: June 2002).

<sup>4</sup>Chief Financial Officers Act of 1990 (Pub. L. No. 101-576).

<sup>5</sup>GAO-02-372 and *Executive Guide: Creating Value Through World-class Financial Management*, GAO/AIMD-00-134 (Washington, D.C.: Apr. 1, 2000).

- review the success of achieving the performance goals of the fiscal year;
- provide actual results for the 3 preceding fiscal years;
- evaluate the performance plan for the current fiscal year relative to the performance achieved toward the performance goals in the fiscal year covered by the report;
- explain and describe where a performance goal has not been met or a corresponding level of achievement if an alternative form is used, as well as why the goal was not met, plans and schedules for achieving the established performance goal, and if the performance goal is impractical or infeasible;
- describe the use and assess the effectiveness of achieving performance goals of any waivers; and
- include the summary findings for those program evaluations completed during the fiscal year covered by the report.<sup>6</sup>

We also looked at the extent to which the reports clearly discussed progress achieved in addressing the major management challenges previously identified by us or others. For agencies that choose to issue a performance and accountability report, the Reports Consolidation Act of 2000 requires that the report include a summary of the most serious management and performance challenges facing the agency, as identified by their IG, and a brief assessment of the agency's progress in addressing those challenges.

In assessing the clarity of the performance information, we also looked at selected qualitative characteristics used by the Association of Government Accountants, in conjunction with the Chief Financial Officers Council, in assessing performance and accountability reports for the Certificate of Excellence in Accountability Reporting.<sup>7</sup> These characteristics included (1) whether there was a clear relationship between the performance

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<sup>6</sup>The Homeland Security Act (Pub. L. No. 107-296) requires agencies to include a review of the performance goals and evaluation of the performance plan relative to the agency's strategic human capital management.

<sup>7</sup>Association of Government Accountants, *Certificate of Excellence in Accountability Reporting: Reviewers Checklist*, Fiscal Year 2001. (Washington, D.C.).

information in the report and the goals and objectives contained in the strategic and annual performance plans, (2) the extent to which the agency limited the measures it discussed to those that were most significant for its programs, and (3) the extent to which the report was user friendly by being well-organized, concise, readable, and making effective use of graphics to ease understanding of narrative information. We characterized the clarity of each report in one of four ways: (1) clear, (2) general, (3) limited, or (4) unclear, based on the extent to which the 2002 report addressed the elements required by GPRA and the other informative practices we described.

Both GPRA and the CFO Act emphasized the importance of linking program performance information with financial information as a key feature of sound management and an important element in presenting to the public a useful and informative perspective on federal spending. Similarly, the current administration's ambitious agenda for performance budgeting, calling for agencies to better align budgets with performance goals and focus on capturing full budgetary costs and matching these costs with output and outcome goals, suggests that agencies need to develop integrated financial and performance management systems that will enable the reporting of the actual costs associated with performance results. Although linking resources to performance goals is not a requirement of GPRA, the committee report for GPRA suggested that developing the capacity to relate the level of program activity with program costs, such as costs per unit of result, costs per unit of service, or costs per unit of output, should be a high priority. We have reported that world-class financial management practices call for enterprisewide systems to integrate financial and operating data to support both management decision making and external reporting requirements. To assess the degree to which an agency's report discussed the relationship between resources and results, we characterized each report as having a (1) clear relationship, (2) general relationship, (3) limited relationship, or (4) no relationship.

Finally, to assess the degree to which an agency's plan provided confidence that the agency's performance information would be credible, we examined how each report discussed the quality of the data presented. To help improve the quality of agencies' performance data, Congress included a requirement in the Reports Consolidation Act of 2000 that agencies assess the completeness and reliability of their performance data. Under the act, agencies were to begin including this assessment in the transmittal letter with their fiscal year 2000 performance reports. Agencies were also required to discuss in their report any material inadequacies in the

completeness and reliability of their performance data and discuss actions to address these inadequacies.

We have previously reported on other practices that enhance the credibility of performance data that are not specifically required by GPRA.<sup>8</sup> For instance, discussions of standards and methods used by agencies to assess the quality of their performance data in their performance reports provides decision makers greater insight into the quality and value of the performance data. We also reported on additional practices, in several agencies' performance reports, that would help foster transparency to the public and assist decision makers in understanding the quality of an agency's data. The additional practices we observed included (1) discussions of data quality, including known data limitations and actions to address the limitations and (2) discussions of data verification and validation procedures. To address the extent to which a report provided confidence that performance information was credible, we characterized each report as providing (1) full confidence, (2) general confidence, (3) limited confidence, or (4) no confidence.

In conducting our reviews, to the extent information was available in prior assessments, we compared our findings of agencies' fiscal year 2002 reports to our assessments of reports for fiscal year 1999.<sup>9</sup> A more detailed discussion of our scope and methodology and the criteria we used can be found in appendix I. Table 13 shows the results of our assessment of the six agencies' reports.

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<sup>8</sup>GAO-02-372.

<sup>9</sup>GAO/HEHS-00-128R, GAO/RCED-00-209R, GAO/RCED-00-211R, GAO/RCED-00-207R, GAO/HEHS-00-126R, and GAO/RCED-00-201R.



**Table 13: Characterizations of Agencies' Fiscal Year 2002 Annual Performance and Accountability Reports**

Department/agency	Characterizations		
	Picture of performance (unclear, limited, general, clear)	Resources linked to results (no, limited, general, clear)	Data credible (no, limited, general, full)
Department of Education	Limited	Clear	General
Department of Energy	General	Limited	Limited
Department of Housing and Urban Development	General	No	General
Small Business Administration	Limited	General	General
Social Security Administration	General	Limited	General
Department of Transportation	General	No	Full

Sources: U.S. Department of Education, *U.S. Department of Education FY 2002 Performance and Accountability Report* (Washington, D.C.: 2003); U.S. Department of Energy, *Performance and Accountability Report, Fiscal Year 2002* (Washington, D.C.: 2003); U.S. Department of Housing and Urban Development, *Fiscal Year 2002 Performance and Accountability Report* (Washington, D.C.: 2003); Small Business Administration, *Fiscal Year 2002 Performance and Accountability Report* (Washington, D.C.: 2003); Social Security Administration, *Performance and Accountability Report, Fiscal Year 2002* (Washington, D.C.: 2002); and U.S. Department of Transportation, *Fiscal Year 2002 Performance and Accountability Report* (Washington, D.C.: 2003).

The remainder of this appendix discusses our observations on the quality of the agencies' annual performance and accountability reports we reviewed and, to the extent information was available from our prior reviews, how the quality has changed since the agencies submitted their first reports on fiscal year 1999 performance. We did not independently verify or assess the information we obtained from agency annual performance reports. If an agency chose not to discuss its efforts concerning elements in the report, it does not necessarily mean that the agency is not implementing those elements.

## Observations on the Quality of Education's Fiscal Year 2002 Performance and Accountability Report

Education's fiscal year 2002 Performance and Accountability Report comprises two volumes—the main volume and a second volume including performance reports for the agency's individual programs. In our assessment, we did not review the second volume, which includes very detailed, discrete, and disaggregated performance information with over 350 individual measures for the Office of Civil Rights, IG, and 117 Education programs in 60 clusters.

Although Education's report included many features designed to present its performance information clearly, the overall clarity was limited by the

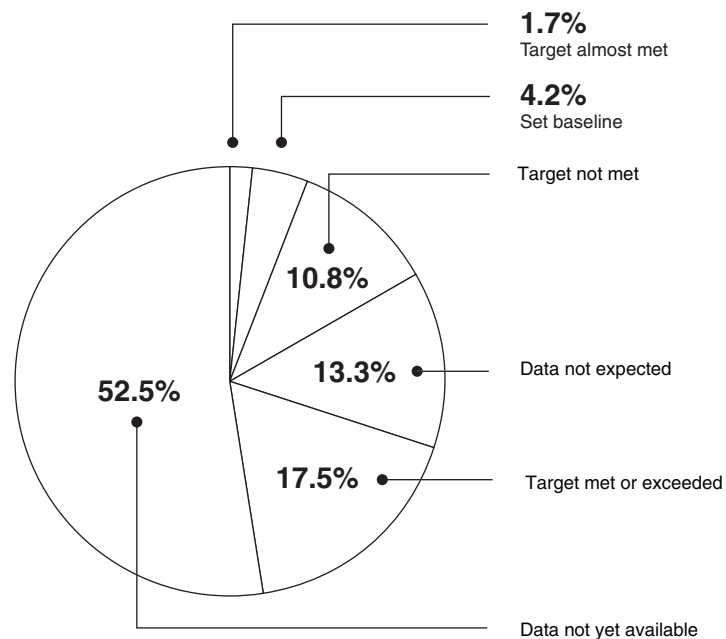
significant amount of performance information that was unavailable to show Education's performance results. In contrast, Education's report very clearly related its performance to its costs by using both graphics and text to provide the agency's estimate of appropriations associated with achieving each of its six strategic goals, 24 objectives (long-term goals), and individual programs. Finally, Education provided a general level of confidence in the quality of its data, primarily because of its recognition of the challenges it faces on the timeliness, reliability, and validity of its data. Education's recent efforts in undertaking a performance-based data management initiative in partnership with state leaders to allow timely and ready access to high-quality achievement and other performance data, which the IG said would address many of the related concerns identified during IG audits, also aided in the level of confidence in the data.

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### Education's Fiscal Year 2002 Report Provided a Limited Picture of Performance

Education's 2002 performance report is directly aligned with the goals and measures in the agency's 2002-2007 strategic plan and its 2002-2003 annual plan. Of the 210 measures included in the agency's strategic plan and annual plan, 120 were identified for measurement in fiscal year 2002, and all of these are addressed in the performance report. The report contains sections on changes planned to enhance performance on the basis of results. For each measure, the performance report includes trend data, with a table showing actual data from fiscal years 1999 through 2002; in some cases, the table also includes data from fiscal year 1998. When data are not provided, the table indicates that they were not applicable or not available. Overall, the report contains clear, succinct figures and a table summarizing the status of all 120 measures, as summarized in figure 19.

Figure 19: Summary of Education's Performance Indicators for Fiscal Year 2002



Source: GAO analysis of U.S. Department of Education's FY 2002 Performance and Accountability Report.

However, while Education's 2002 report does review the levels of success for its performance goals<sup>10</sup> for fiscal year 2002, there is a critical limitation. As we observed in our review of Education's 1999 report,<sup>11</sup> data were not yet available for many measures in the 2002 report. Specifically, 2002 data were available for only 41 of the 120 measures; the rest were characterized as "Pending: Data Not Yet Available" (63) or "Incomplete: Data Not Expected" (16). Despite the numerous strengths in Education's 2002 performance report, the picture of performance for Education presented in this report is limited mainly because of the lack of data for so many of its 2002 targets. However, Education recognizes the challenges created by its limited access to timely, reliable data:

We still face significant challenges to meeting our national education goals. Primary among these challenges is access to timely, reliable data on our performance in meeting our goals and implementing our programs. Our efforts to identify effective and ineffective programs

<sup>10</sup>Education's annual performance goals are represented by its targets.

<sup>11</sup>[GAO/HEHS-00-128R](#).

in the Department are severely limited by the frequent absence of useful data about them. In FY 2002 we designed a performance-based data management initiative which will provide much more robust information about our programs and strategic objectives, as well as provide a strong foundation for educational research and evaluation.

This data management initiative is being undertaken in partnership with state leaders and the software industry and is expected to result in an electronic data system that will allow ready access to high-quality achievement and other performance data in a timely and seamless manner in the future. Because the lack of data for so many of its targets blurs the picture of performance, Education should take every possible step to complete, as quickly as possible, its newly established performance-based data management initiative.

While lacking data for so many of its measures, Education's 2002 report provides an explanation for measures with pending or incomplete data. For pending data, the report states that comparisons to targets will be made in the subsequent performance and accountability report, in addition to citing the department's performance-based data management initiative. The report further indicates that measures with incomplete data were so characterized because methods to collect data were not ready in time to measure fiscal year 2002 results, data collection did not occur, or data collection was delayed. The report goes on to say that, for these measures, Education will put methods in place to measure fiscal year 2003 results, develop other data sources, or revise its measures to measure results differently. In addition, for each incomplete measure, the report clearly describes why data are incomplete and what will be done to address the situation. For example, for its measure on the percentage of states with complete school accountability systems in place, as required by the *No Child Left Behind Act*,<sup>12</sup> the report explains that the requirements under this act are more extensive than in the past, that states that had met prior requirements may not yet meet new requirements, that the department had decided regulation would be necessary, and that regulations had not been finalized to define a complete school accountability system.

In addition, the report almost always included explanations of performance and sometimes provided information on why targets were not met when that was the case. However, such information was not always easy to find,

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<sup>12</sup>Pub. L. No. 107-110, January 8, 2002. The *No Child Left Behind Act of 2001* is a reauthorization of the Elementary and Secondary Education Act, one of the major pieces of authorizing legislation for Education.

as the report did not always include it in the same area as the related measure.

For most measures, including those that did not meet their targets, the report provided information on the steps Education is taking or plans to take to improve or enhance performance. For example, the 2002 target for a measure on the number of children attending charter schools was 690,000 and the actual result was 575,000. To improve performance on this measure, Education's report says that it is distributing guidance and information to encourage parents to consider charter schools, using both publications and its Web site to promote charter school enrollment, and sponsoring a charter schools Web site with information on federal assistance for charter schools. However, it was not always clear how the steps cited would improve or enhance performance. For example, for four measures on advanced placement (AP) achievement that were not met in 2002, the strategy given for improving performance is to continue to support increasing AP achievement through the Advanced Placement Incentives program, but the report does not include an explanation of, or any information on, this incentives program.

Education's report included an appendix entitled "Findings from FY 2002 Evaluations" and included summaries of the findings from nine GAO reports and eight other studies completed in fiscal year 2002. For example, the *Education for Homeless Children and Youth Program: Learning to Succeed* report comprised two studies that found that homeless students are best served when promising practices are implemented as part of a comprehensive and coordinated education program for the homeless.

The 2002 performance and accountability report also contained an appendix consisting of the IG's summary of serious management challenges, including financial management, federal student aid programs, information technology, program performance and accountability, and human capital. For each of these challenges, the IG provided information on Education's progress in addressing them. Under program performance and accountability, for example, the IG pointed out that a significant amount of the data used to measure education programs were provided by state and local education entities and that it is imperative that these data are accurate, so as to provide Congress, OMB, and the public with an objective measure of the success of education programs. The IG said that Education has recognized the importance of improving data quality and addressed this issue in its performance plan.

The IG's summary of serious management challenges also included references to GAO's high-risk list with respect to federal student aid programs and human capital management, and Education's report included measures related to both of these areas. Specifically, for its 2002 measure to have Federal Student Aid (FSA) leave the GAO high-risk list by 2003 and not return, the report states that the department "almost met" its 2002 target by achieving 94 percent of its FSA High Risk Plan, and it described the shortfall as not significant or material. In contrast, in our review of Education's 1999 Performance Report,<sup>13</sup> we noted that the department did not have goals, objectives, or measures related to problems with its student assistance programs. In addition, for the six measures in Education's 2002 report under its strategic goal to improve the strategic management of its human capital, the department reports that four targets were pending, one was incomplete, and one had set the baseline. With respect to the GPRA requirement<sup>14</sup> that agencies' performance reports include a review of the performance goals and evaluation of the performance plan relative to the department's strategic human capital management, Education's report discusses its human capital management strategic goal and related performance goals in the context of its human capital management plan, *One-Ed.*

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### Education's 2002 Report Showed a Clear Relationship between Resources and Results

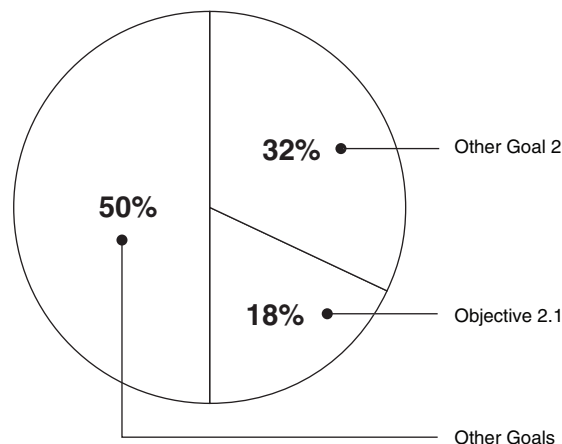
Education's 2002 report included information for each of its six strategic goals and 24 objectives that clearly linked the department's resources with its efforts to achieve specific results. While the department was not able to break the costs down by each of its measures and targets, the report used both graphics and text to provide the department's estimate of appropriations associated with achieving each of its six strategic goals, 24 objectives (long-term goals), and individual programs. For example, for each of its objectives, the report used a pie chart to show the percentage of the department's appropriation that supports the objective, the rest of the strategic goal the objective falls under, and the other five strategic goals. An example is shown in figure 20 for the objective to ensure that all students read on grade level by the third grade.

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<sup>13</sup>GAO/HEHS-00-128R.

<sup>14</sup>As amended by the Homeland Security Act of 2002.

**Figure 20: Inputs: Allocating Funds for Education's Objective to Ensure That All Students Read on Grade Level by the Third Grade**



Source: U.S. Department of Education's *FY 2002 Performance and Accountability Report* (Washington, D.C. January 2003).

The text accompanying each chart listed the dollar amount supporting the objective's activities, the percentage of the strategic goal's allocation that amount represented, the individual programs that supported the objective, and the dollar amount from salaries and expenses that was included in the dollar amount for the objective. In addition, in the report's appendixes, a table summarizing fiscal year 2002 appropriations and staffing allocated by goal and objective also included the FTEs under staffing for each strategic goal and objective. Another table provided a percentage breakdown of each objective's appropriations by 146 agency programs.

### Education's Fiscal Year 2002 Report Provided General Confidence That Performance Data Were Credible

Education's 2002 performance report provided general confidence that the agency's data were credible because of its recognition of the challenges it faces on the timeliness, reliability, and validity of its data; its straightforward disclosure of these challenges; and its recent efforts to address them. In Education's transmittal letter, the department secretary said that the information contained in the report is "as complete and reliable as we have available." However, Education's report recognized that one of the agency's significant challenges to meeting its national education goals is access to timely, reliable data on performance and that the lack of useful data severely limits efforts to identify effective and ineffective programs. The report further explained that 97 percent of the department's funding is awarded to third parties, including, for example,

state and local agencies, that have an impact on the measurement of results, especially the timing of data collection. Thus, Education recognized in its report that it had limited control over the data it must use to report results. Similarly, in the IG's summary of serious management challenges, the report noted that Education needs to improve its controls over the timeliness, reliability, and validity of data.

Moreover, Education's report included information on recent steps it has taken to address its data challenges. In addition to a discussion of its data management initiative to develop an electronic data system providing access to timely, high-quality data, the report included an appendix with the agency's *Information Quality Guidelines* and draft *Data Quality Standards* presented in an abbreviated format. The discussion of data quality standards recognizes the importance of data quality concepts to the process of developing high-quality performance measures. The eight standards provided are: validity, accurate definitions, accurate counts, editing, calculation, timeliness, reporting, and burden reduction. To facilitate the use of the standards, Education reported that it created a data quality checklist and regularly held classes to teach staff how to apply the standards. The IG's summary of serious management challenges gave the department credit for this effort, pointing out that these guidelines address many of the concerns identified during IG audits and that the department plans to disseminate these guidelines to the chief state school officers.

The report also provided explanations of data sources and data quality for most measures. For example, for the measures on the percentages of 12th grade students scoring at or above the basic and proficient levels on the National Assessment for Educational Progress (NAEP) reading test, the source is given as: "U.S. Department of Education; National Center for Education Statistics, (NAEP); The Nation's Report Card, Reading." Under data quality, the report states that NAEP data are validated using rigorous National Center for Education Statistics statistical standards. For most of the measures, the explanations of data quality contain similar information on data validation. However, the data quality information only sometimes identifies what limitations are relevant, if any. For example, for a measure on the percentage of managers satisfied with services received from Education's Office of Management when hiring staff, the department relied on an internal survey of managers for its data. Although the response rate for this survey was 22 percent, the report did not say whether this was a limitation to the data collected. For a few of Education's measures, the report stated that no data limitations had been noted. It would be better if



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the agency clearly stated whether the data for each measure had limitations or not, and, if so, what they were.

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## Observations on the Quality of DOE's Fiscal Year 2002 Annual Performance and Accountability Report

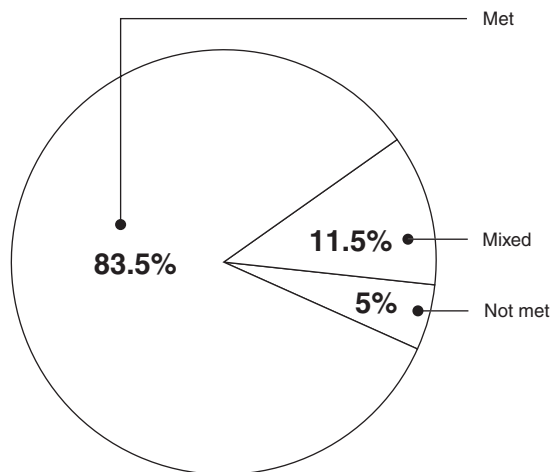
DOE's 2002 Annual Performance and Accountability Report provided a general picture of intended performance by explaining in detail the progress made in meeting performance measures and addressing management challenges. It also provided a limited discussion of the costs incurred to achieve DOE's performance goals by organizing its report by major program activities, the costs of these activities, and their corresponding goals. Finally, the report provided a limited level of confidence that data will be credible because the report did not include a discussion on data limitations.

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## DOE's Fiscal Year 2002 Report Provided a General Picture of Performance

DOE's 2002 Performance and Accountability Report provided a general picture of performance in meeting its goals and measures. The report contained a detailed explanation of progress for each of its performance measures, which were referred to as "targets," by identifying whether each measure was met, not met, or had mixed results, as shown in figure 21. In addition, the report identified the operational processes, technology, human capital, and other resources used to achieve each performance measure. The results for the past 3 years of performance measures related to each goal were also reported so that performance trends could be identified. However, the report did not clearly explain how the results of the performance measures reported contributed to achieving the performance goals in DOE's annual performance plan and strategic plan.

Figure 21: Summary of DOE's Performance Indicators for Fiscal Year 2002



Source: GAO analysis of DOE's *Fiscal Year 2002 Annual Performance and Accountability Report*.

Each performance measure that was not met or had mixed results contained a plan of action to achieve the measure in the future. In addition, the majority of fiscal year 2002 measures that were not met contained a clear explanation as to why they were not met or had mixed results. For example, a measure that required Southeastern Power Administration to meet its planned repayment of principal of federal investment was not met due to severe drought. DOE's report explained that to achieve the measure in the future, Southeastern plans to change its rate design, propose rate increases to obtain greater revenue, and increase cost recovery from fixed charges.

DOE also discussed the progress it made in addressing performance and accountability challenges. The report identifies significant issues for fiscal year 2002 that, as stated in the report, merit a higher level of attention and focus in the department. Each of the challenges were linked to a goal and its related performance measure(s). In addition, actions taken to address each challenge and the progress made on those actions were identified. For example, one of the challenges identified was the need for DOE to meet federal requirements for improved and more cost-effective use of information technology. A related goal to deal with this challenge was for DOE to promote the effective management of information technology resources in the department. To address this challenge, the report stated that DOE realigned its management structure for information technology issues, established an enterprisewide license for Microsoft software, and launched an e-government applications task force to identify high-priority e-government investments, among other actions. In our prior review of DOE's 2001 performance report, we also found that DOE had made progress in addressing all eight of its major management challenges.<sup>15</sup>

It is unclear, however, how program evaluations were used to assess performance because DOE did not include a summary of program evaluation findings in either the fiscal year 1999 or 2002 reports. According to DOE officials, a section on program evaluations was not included in fiscal year 2002 and one is not planned for fiscal year 2003 in order to limit the amount of detail included in the report.

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### DOE's Fiscal Year 2002 Report Showed a Limited Relationship between Resources and Results

DOE's 2002 performance report provided a limited discussion of how its resources were related to its performance. As in our review of the 1999 report, DOE's 2002 report, which also includes DOE's financial information, continued its practice linking the department's performance information to the costs of its program activities. For the majority of its program activities, the 2002 report included the program activity's net costs and related performance information for fiscal years 1999 through 2002. During our review of DOE's 1999 performance report, we were supportive of DOE's efforts to link its performance goals and measures to the program activities in the President's Budget. However, DOE has not moved beyond presenting its performance and cost information by program activity, instead of by strategic or annual performance goal or objective. A report

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<sup>15</sup>[GAO-03-225](#).

that presented cost and performance information by performance goals in addition to other presentations would more clearly identify the costs associated with the achievement of each goal. According to DOE officials, the department plans to link its individual performance measures to the costs of program activities in future reports.

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**DOE's Fiscal Year 2002  
Report Provides Limited  
Confidence That  
Performance Data Are  
Credible**

DOE's reporting on data credibility has improved but is still limited. Based on our review of DOE's 1999 performance report, a key improvement made to the 2002 performance report was the department's ability to report on its data validation and verification processes. DOE's 1999 report did not discuss the implementation of DOE's verification and validation plan or provide any evidence that the data quality was sufficient for assessing the department's performance. The 2002 report met some requirements of the Reports Consolidation Act by including a statement in the report's transmittal letter assessing the completeness and reliability of the data. The letter did not discuss any material inadequacies with DOE's performance data. The report also included a high-level discussion on how DOE will validate and verify its data and refers the reader to its 2003 annual performance plan for further details. For example, the report stated that DOE's end-of-year reporting process includes certification by heads of organizational elements on the accuracy of reported results, followed by a review for quality and completeness by DOE's Office of Program Analysis and Evaluation.

Although the department has improved on reporting its data verification and validation processes, it has not improved on reporting any existing data limitations. Neither the 1999 nor the 2002 report included an overall discussion of the limitations to the data or steps DOE would take to address those limitations, although the 2002 performance report did identify minor data limitations for a few specific goals. DOE officials stated that a discussion on data limitations was not included in the 2002 report because the department already reports on this information in the annual performance plan and they thought it was redundant to put it in the report.

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## Observations on the Quality of HUD's Fiscal Year 2002 Annual Performance and Accountability Report

Compared to its fiscal year 1999 performance report, HUD's fiscal year 2002 Performance and Accountability Report provides a general picture of what the department accomplished by including, among other things, a report card listing its performance indicators with the corresponding achievement, a list of program evaluations concluded during the fiscal year, trend information for some of its performance indicators, a discussion of the department's attempts to address its performance and accountability challenges, and visual aids to illustrate information on its performance. In a few instances, the report mentions whether certain performance goals are impractical or unfeasible. However, the report is not as clear as it could be because it does not (1) explain how it plans to address performance targets that were not met during the fiscal year; (2) include an evaluation of the fiscal year 2003 performance plan relative to the performance information presented in the performance report for the fiscal year; or (3) include an evaluation of the fiscal year 2003 performance plan relative to the performance information presented in the performance report for fiscal year 2002. The report does not show the relationship between resources and results by linking expended dollar amounts to specific program objectives. The report provides general confidence to the reader that the data presented are credible by providing background information on each performance indicator and discussing the results and analysis of the most recent data.

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## HUD's 2002 Report Provided a General Picture of Performance

Overall, HUD's fiscal year 2002 Performance and Accountability Report provides a general understanding of what the department's mission is and what it accomplished during the previous fiscal year.<sup>16</sup> Since we first reviewed its report for fiscal year 1999, HUD has made progress in developing its performance report to comply with GPRA.<sup>17</sup> In reviewing HUD's fiscal year 1999 performance report, we noted that it only contained performance information for three of the department's four outcome measures. HUD's report for fiscal year 2002 includes a report card for each strategic goal listing performance targets that were met. The report card also provides an explanation for many performance targets that were not marked as being met during the fiscal year. Although the report includes

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<sup>16</sup>U.S. Department of Housing and Urban Development, *Fiscal year 2002 Performance and Accountability Report* (Washington, D.C.: 2003).

<sup>17</sup>[GAO/RCED-00-211R](#).

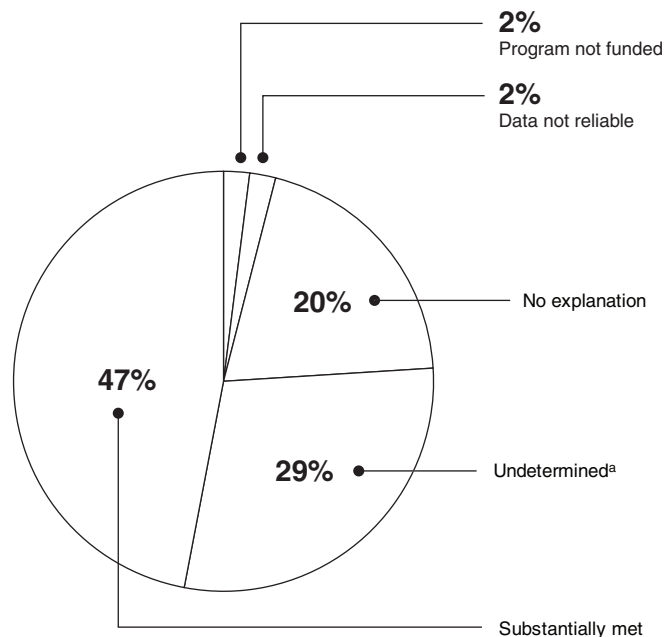
visual aids to enhance readers' understanding of progress made toward attaining performance targets, HUD could enhance the report by providing a summary of performance targets for all strategic objectives met (or not) during the fiscal year.

HUD's performance report does not meet GPRA's requirement of including an evaluation of its fiscal year 2003 performance plan relative to the performance attained by the department in fiscal year 2002. Including this evaluation could provide readers some assurance that HUD takes into account prior performance information, such as unmet goals, to manage its performance in the fiscal year already under way.

The report suggests that some of the performance targets that were not met during the fiscal year were impractical or unfeasible. For example, for its goal of "Increase the Rate of Homeownership," HUD mentions that the indicator can be resistant to increases above an undetermined level because homeownership is not practical or desirable for all households. Broad economic conditions, including employment, incomes and interest rates can affect homeownership rates. Likewise, HUD will no longer track a performance indicator that measures the percentage of low-income housing units containing threats to health and safety, such as exposed wiring, unvented heaters, holes in the floor, and rodents. HUD mentions that this indicator is not included in the fiscal year 2003 annual performance plan because of the difficulty of attributing the results to its programs.

In several instances, HUD's annual performance report lacks a discussion of how it plans to address unmet performance targets as required by GPRA. For example, while HUD substantially met almost half of its performance targets in fiscal year 2002, the report does not mention what steps the department will take to address some of its unmet performance targets (see fig. 22).

Figure 22: Summary of HUD's Performance Indicators for Fiscal Year 2002



Source: GAO analysis of HUD's Fiscal Year 2002 Performance and Accountability Report.

<sup>a</sup>Rather than stating if some performance targets were met or not, HUD provided the following explanations: data not available; no performance goal for this fiscal year; third quarter of calendar year (last quarter of fiscal year, not entire fiscal year); calendar year ending in the current fiscal year; calendar year ending the previous fiscal year; other reporting period; results too complex to summarize; and baseline newly established.

HUD continued to build upon the strengths of its earlier report by including trend information for some performance indicators it used to measure progress toward its targets during the past fiscal year. While not presented consistently throughout the report, trend information provides a context to understand HUD's performance and helps to show the extent to which HUD exceeded or fell short of expectations set for its performance targets. For instance, for HUD's performance indicator that tracks increases in the share of welfare families residing in public housing that move from welfare to work each year, the report mentions that in fiscal year 2002 the rate was 13.1 percent compared to 19.9 percent in fiscal year 2001. In preparing to implement the Temporary Assistance for Needy Families program, HUD originally estimated this indicator to be around 6.5 percent in fiscal year 1997.

HUD's fiscal year 2002 report also mentions that it concluded several program evaluations during the fiscal year, a key requirement absent from its performance report for fiscal year 1999. The report also provides a brief summary of the main findings of these program evaluations. In fiscal year 2002, HUD concluded and published reports on 21 program evaluations covering five of its strategic goals.

Similar to our findings on HUD's previous performance reports,<sup>18</sup> HUD's fiscal year 2002 report discusses the steps the department took to address decade-long management challenges. For example, while HUD's report mentions that deficiencies remain in its financial management systems, in fiscal year 2002 the department initiated a project to design and implement an integrated financial system. Similarly, to address staffing imbalances and human capital challenges, HUD implemented the last phase of its Resource Estimation and Allocation Process in January 2002 and started to implement the Total Estimation and Allocation Mechanism, a tool that collects actual workload accomplishments and staff usage within the various operating components at HUD.

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### HUD's 2002 Report Showed No Relationship between Resources and Results

While HUD has made some improvements in how it presents cost information in its report, it is still not useful for linking program objectives to specific dollar expenditures. HUD's report provides a summary of the cost of operations by each reporting segment, such as the total amount of money spent by the Federal Housing Authority and the Public and Indian Housing programs, and states that the total cost for fiscal year 2002 operations was \$33 billion. However, the report does not reconcile these costs to specific program performance objectives, limiting the reader's ability to understand how HUD used its resources to carry out its objectives during the fiscal year.

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### HUD's 2002 Report Provided General Confidence That Performance Data Are Credible

HUD's fiscal year 2002 performance report generally informs the reader on critical issues about the reliability of its performance data, an issue that was not discussed in detail in its earlier report. In its transmittal letter, HUD briefly discusses that in some instances the data used in the report were either incomplete and/or unreliable. The report includes background information, results, analysis, and a discussion of the data used for each

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<sup>18</sup>[GAO-03-225](#).



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performance indicator during the fiscal year. In discussing the data, in some instances HUD points out issues concerning data validity and accuracy and mentions steps HUD will take to correct problems. For example, to address problems with its indicator on the number of homeowners who have been assisted with the HOME program, HUD has established a team of managers, technical staff, and contractors to make a series of improvements to the Integrated Disbursement and Information System beginning in fiscal year 2003, which should reduce the need for data cleanup.

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## Observations on the Quality of SBA's Fiscal Year 2002 Annual Performance and Accountability Report

SBA's fiscal year 2002 annual performance report shows several improvements over the agency's initial report. The report shows a general relationship between resources and results by including an analysis of resources used by each program in fiscal year 2002. A section on data validation and verification, which includes data limitations and remedies for those limitations, provides a general level of confidence in the credibility of SBA's performance data. While the 2002 report includes a scorecard to show the agency's overall performance, the report provides a limited picture of performance due to a lack of plans to meet unmet goals in the future and data that were unavailable to show progress towards a large share of SBA's performance goals, among other reasons.

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## SBA's 2002 Report Provided a Limited Picture of Performance

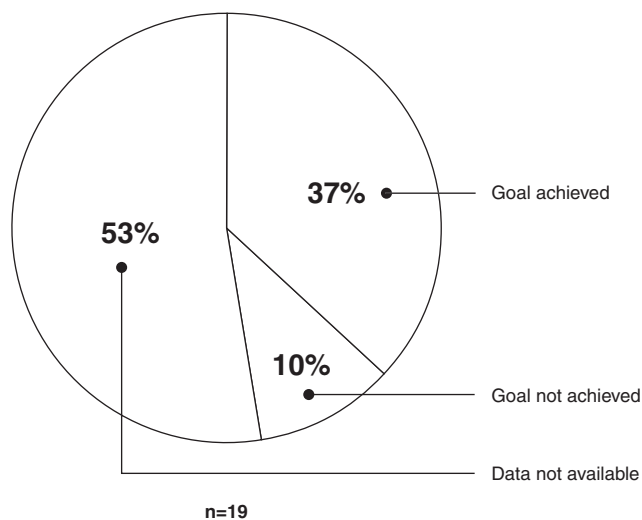
SBA's 2002 performance report<sup>19</sup> provides a limited picture of its performance. SBA's 2002 report includes a scorecard that shows overall agency performance for its 2002 goals, including trend data (when available) from fiscal year 1999 to fiscal year 2002, the fiscal year 2002 goal, and a column showing the percentage of the fiscal year 2002 goal achieved. However, based on the performance information provided in the fiscal year 2002 performance report, it can be difficult to gauge SBA's progress in achieving its goals. This is similar to our findings on SBA's 1999 report, which we noted was unclear as to how well SBA performed in achieving several of its performance goals for two of the key outcomes addressed in

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<sup>19</sup>Small Business Administration, *SBA's Performance & Accountability Report for Fiscal Year 2002* (Washington, D.C.: 2003).

our 2000 report.<sup>20</sup> Figure 23 summarizes SBA's progress on its 19 performance goals for fiscal year 2002.

**Figure 23: Summary of SBA's Performance Goals for Fiscal Year 2002**



Source: GAO analysis of SBA's FY 2002 Annual Performance and Accountability Report.

Data were unavailable for 10 of SBA's 19 performance goals in 2002. For the nine goals that had performance data available, SBA met seven. SBA's 2002 performance report included explanations for all of its goals that were unmet, deemed infeasible, or for which data were not available. For example, the report states that "homes restored to pre-disaster conditions" and "businesses restored to pre-disaster conditions" are no longer goals because SBA is reviewing its outcome measures for the disaster loan program. Also, data were not available for the "customer satisfaction" goal in the disaster assistance program because a Customer Service Survey for disaster loan recipients was not issued during the fiscal year due to having not received final clearance from OMB. This contrasts to our findings on SBA's 1999 report when the agency did not provide explanations for not

<sup>20</sup>Our review of SBA's fiscal year 1999 report, [GAO/RCED-00-207R](#), focused on our observations on only three of SBA's key outcomes, as well as the major management challenges addressed in the performance report. Since our review of SBA's 2002 performance report used somewhat different assessment criteria, we could not make valid comparisons on all aspects of the reports.

meeting several of its performance goals. However, for the two goals that were unmet in 2002, “start-ups receiving 7(a) and 504 financing” and “jobs created and retained by SBIC clients,” the report does not describe any plans for achieving the goals in the future. The lack of information for over half of SBA’s performance goals and the absence of plans for achieving unmet goals limits our ability to assess the overall progress the agency made in fiscal year 2002, as well as the likelihood that it will improve its performance in the future.

Several other factors limited our ability to evaluate SBA’s performance in its fiscal year 2002 report. The report presents performance data in accordance with the goal structure of SBA’s 2003-2008 draft strategic plan. The goal structure contained in the fiscal year 2002 performance report does not directly correspond with the goal structure presented in the 2002 performance plan. Only one of the report’s strategic goals, “Help Families and Businesses Recover from Disasters,” directly corresponds to the 2002 performance plan. Similarly, not all of the performance goals listed in performance scorecards in both documents correspond. For example, the performance goal “start-ups receiving 7(a) and 504 loans viable 3 years after receiving loan,” listed in the scorecard in the 2002 report, is not listed in the 2002 performance plan. The report states that based on 2002 results SBA made “substantial modifications” to its fiscal year 2003 goals, but the report does not specifically discuss how the performance achieved in 2002 could affect the achievement of the 2003 goals. Finally, the report does not include the findings of program evaluations completed in fiscal year 2002. SBA states that it was unable to conduct program evaluations in 2002 due to a lack of funding and that the agency has requested funding for program evaluations in fiscal years 2003 and 2004.

Similar to our findings on SBA’s 1999 performance report, the agency continues to provide information indicating the agency’s progress in addressing management challenges that have been previously identified. For example, we have previously observed that SBA needs to improve the quality of the performance measures that it uses for the disaster loan program. SBA states in its 2002 report that the agency is in the process of reevaluating its measures for the disaster loan program, and specifically that the methodology for measuring the number or percentage of homes and businesses restored through the program will be addressed by this review.

SBA’s 2002 performance report also discusses the agency’s strategic management of human capital. One section of the report relating to the

PMA describes SBA's transformation plan, which is to realign the agency's "organization, operation, and workforce to better serve its small business customers." An appendix to the report identifies fully developing and implementing the agency's human capital management strategy as one of SBA's major challenges. This section lists the actions that SBA needs to take to address this challenge as well as the progress the agency has made in implementing these actions. However, the report does not include a review of the performance goals and evaluation of the performance plan relative to the agency's strategic human capital management, as required by the Homeland Security Act of 2002.

The report also contains two broad overviews and an appendix of GAO audits and recommendations, as well as a description of management challenges identified by the agency's Inspector General. One chart, entitled "Status of GAO Reviews Conducted at SBA in FY 2002," shows the review title, status of the review (open or closed), and the number of recommendations that came from these reviews. Another chart, entitled "Number of Open GAO Recommendations at End of FY 2002," lists the GAO report number and title, the year it was issued, and the number of recommendations remaining open. Further detail is provided in an appendix to the performance report, which lists GAO's outstanding recommendations, the status of the recommendations, and the estimated date of completion. Another appendix includes a report from SBA's Acting IG that describes the most serious management challenges SBA faced in fiscal year 2002.

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### SBA's 2002 Report Showed a General Relationship between Resources and Results

SBA's 2002 performance report contains analyses of resources and results for SBA's programs that show a general relationship between resources and results. In the description of each program's performance, the report includes an analysis of the resources used by each program. For example, the fiscal year 2002 cost of the Advocacy Program was estimated to be \$8 million, with 50 percent of the funds going to support the Office of Advocacy, 14 percent funding economic research, 11 percent for SBA's executive direction support, 16 percent for fixed costs, and 9 percent going to human resources, information technology, and procurement. The report contains crosswalks that show the relationship between SBA's strategic goals, outcome goals, performance goals, and programs. The resources used by each program can then be linked through this crosswalk to performance goals to generally show the resources needed for the results achieved towards the goals. However, the connection of resources to

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results could be more explicitly stated in the report if results and resources were also presented by performance goal.

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### SBA's 2002 Report Provided General Confidence That Performance Data Are Credible

SBA's 2002 performance report provides general confidence that the agency's performance data are credible. In the letter transmitting its 2002 performance report, SBA states that the performance data for its credit and procurement assistance programs are complete and reliable, based on a systematic review of these data. SBA further states that it is "working to improve the completeness and reliability of the performance data for the advice provided to small business through SBA's resource partners." Data for this aspect of SBA's performance are collected through surveys, which the agency notes are neither consistent nor comparable, and from which client responses are difficult to obtain. This could be seen as a material inadequacy, of which a discussion is required by the Reports Consolidation Act. SBA discusses the actions it will take to address the quality of the surveys by stating in the transmittal letter that it is working to improve the survey instruments it uses to obtain performance data.

SBA provides a detailed discussion of each performance indicator in a section of the report on data validation and verification. For each indicator, the report provides a definition, source, information on validation, and means for data verification. The verification process for several measures includes audits, independent reviews, and consistency checks. However, for these measures this is the only discussion of verification procedures and no further details are provided. Also, for several measures, such as "number of start-up firms financed by 7(a) & 504" and "regulatory cost savings to small businesses," SBA states that it does not independently verify the data.

The report also addresses limitations to its data in the section on data validation and verification. In this section SBA states that it faces many challenges in acquiring high-quality data on both outputs and outcomes, from both internal and external sources. The strategies that SBA will use to address the shortcomings of its data quality are contained in this section as well, which include ensuring the validity of performance measures and data, fostering organizational commitment and capacity for data quality, assessing the quality of existing data, responding to data limitations, and building quality into the development of performance data.

The section on data validation and verification in the 2002 report discusses how SBA plans to remedy the limitations for each indicator. For example,

for the “customer satisfaction rate” measure of the disaster loan program, the report states that the surveys used for this measure only determine the satisfaction of those who received disaster loans and therefore do not address the satisfaction of those who did not receive the loans. The remedy listed for this limitation is to expand the survey to include all applicants. This is an improvement from SBA’s 1999 report, which we noted did not discuss data limitations that could affect the quality of data used by SBA to assess its performance.

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## Observations on the Quality of SSA’s Fiscal Year 2002 Annual Performance and Accountability Report

On the whole, SSA’s 2002 performance report generally showed the agency’s progress towards its annual goals for fiscal year 2002.<sup>21</sup> It showed continued emphasis on outcome-oriented goals and identified relevant results that were linked to individual strategic objectives. It also provided trend information, typically back to fiscal year 1999, and contained a brief discussion of the program evaluations completed during fiscal year 2002. SSA’s strategic goals were linked to financial resources at a very high level, but none of the performance goals were associated with costs; thus, the cost of achieving (or not achieving) a particular goal was not clear. Additionally, the SSA Commissioner certified that SSA’s data presentation was credible, but missing data and a lack of documentation of the methods and data used to measure its performance reduced the overall quality of the document.

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## SSA’s 2002 Report Provided a General Picture of Performance

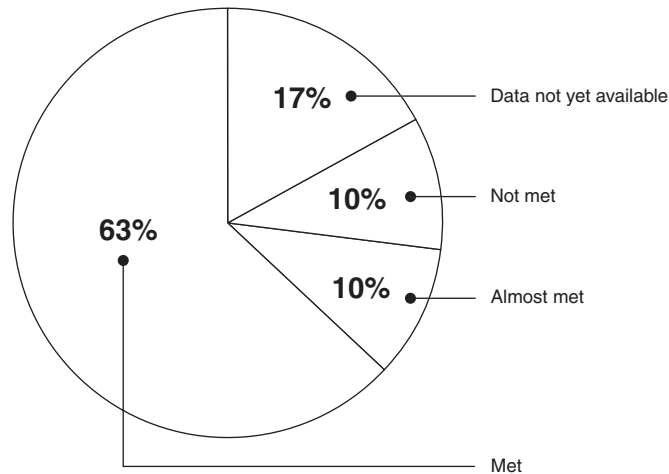
SSA’s 2002 performance report exhibited a general description of performance, including the identification of 14 key performance indicators out of a total of 69 indicators. Similar to our review of SSA’s fiscal year 1999 report,<sup>22</sup> we found that many of SSA’s fiscal year 2002 goals and indicators were outcome oriented. In the fiscal year 2002 report, SSA plainly summarized progress on its 69 performance indicators, as shown in figure 24.

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<sup>21</sup>Social Security Administration, *Performance and Accountability Report, Fiscal Year 2002* (Washington, D.C.: 2002).

<sup>22</sup>Our review of SSA’s fiscal year 1999 performance report ([GAO/HEHS-00-126R](#)) focused on our observations on five of the agency’s key outcomes, as well as the major management challenges addressed in the performance report. Since our review of SSA’s 2002 performance report used different assessment criteria, we could not make valid comparisons on all aspects of the reports.

Figure 24: Summary of SSA's Performance Goals for Fiscal Year 2002



Source: SSA's FY 2002 Annual Performance and Accountability Report.

In SSA's 1999 annual performance report, performance measures focused on activities rather than results, so it was difficult to determine the agency's real progress in achieving results. For example, the measures directly related to the outcome "long-term disability benefits are reduced because people return to the workplace" did not sufficiently track progress toward this key outcome. One of the measures was to "begin implementation of the 'Ticket to Independence' program, contingent upon enactment of supporting legislation in FY 1998."<sup>23</sup> This measure was neither quantifiable nor measurable, and did not measure the number of beneficiaries achieving this outcome.

In the 2002 report, SSA identified relevant results that are linked to strategic objectives. For example, one of SSA's objectives related to the strategic goal "deliver citizen-centered, world-class service" was to "maintain the accuracy, timeliness, and efficiency of service to people applying for Old Age and Survivors Insurance (OASI) and Supplemental Security Income (SSI) Aged benefits." SSA reported on the timeliness of OASI and SSI claims, as well as the implementation of software and infrastructure for paperless processing of claims, as the relevant results.

<sup>23</sup>This program was an administration proposal to test allowing disabled beneficiaries to choose their own public or private vocational rehabilitation provider.

In its 1999 performance report, SSA noted that a number of its goals were not met, such as those relating to accurate and timely disability determinations. Also, data on the accuracy of decisions at the initial level were not available, and accuracy at the appellate level was not measured. In its 2002 report, 10 percent of the goals were not met and 10 percent were almost met. SSA's report provided explanations for 17 performance goals SSA did not meet. However, not all of the explanations actually identified the reasons for SSA's not meeting its goals. For example, SSA did not meet its goals for the performance indicators "percent of 800-number calls handled accurately—payment" and "percent of 800-number calls handled accurately—service." The explanation noted that several quality initiatives were implemented, but SSA did not provide explanations as to why the goals were not met. SSA also noted that some of its performance indicators were being eliminated in favor of more focused and outcome-based goals. In some cases, SSA identified future plans to improve performance.

In SSA's 2002 performance and accountability report, trend information was generally available for comparison of data back to fiscal year 1999. This information was helpful in making an assessment whether SSA was making progress towards its goals. SSA noted that it addressed all the IG's list of major management challenges in its report, and that it addressed the major management challenges we identified in its annual performance plan. SSA also addresses the progress it made against certain challenges GAO and the IG identified during fiscal year 2002 in its performance and accountability report.<sup>24</sup> For example, SSA highlights components of its SSI Corrective Action Plan that are geared to improve the administration of the SSI program and get it removed from our high-risk list. The IG's report noted that SSA needs to have performance goals and measures that address the major management challenges facing SSA, as they are not all addressed. For example, performance measures were not established to address problems with the Earnings Suspense File and the integrity of the representative payee process.

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<sup>24</sup>In our October 2002 report [GAO-03-225](#), we noted that SSA reported progress on all six of its major management challenges in its fiscal year 2001 annual performance report.



Finally, SSA's performance and accountability report contained a discussion of the program evaluations conducted, organized by strategic goal. However, the program evaluations SSA identified were typically surveys of people who did business with SSA or assessments of internal needs, such as a survey of training effectiveness and water/air quality surveys. While this is a slight improvement over its 1999 report, where there was only a brief summary of program evaluations, it would be helpful for SSA to report on whether and how its evaluations have helped answer questions about program performance and results. We have previously reported that evaluations can help agencies improve their measurement of program performance and/or understanding of performance and how it might be improved.<sup>25</sup>

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### SSA's 2002 Report Showed a Limited Relationship between Resources and Results

In the fiscal year 2002 performance and accountability report, SSA's performance goals were not aligned by budget account—rather, they were associated with strategic goals, which in turn cross budget accounts and programs. Thus, the monetary, human capital, and technological resources necessary to achieve many performance goals were not adequately described. The financial statements show a schedule of financing and a schedule of budgetary resources for each of SSA's major programs, and operating expenses were associated with four out of the five strategic goals.<sup>26</sup> However, these resources were not broken down by performance goal, and were not linked to outcomes. Additionally, as reported by the IG, SSA needs to further develop its cost accounting system, which it began to use in fiscal year 2002; such a system would help to link costs with performance.<sup>27</sup>

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### SSA's 2002 Report Provided General Confidence That Performance Data Are Credible

While SSA provides data sources and definitions for the data supporting its performance indicators, some data issues continue to detract from SSA's performance report. SSA's transmittal letter noted that the performance and financial data presented are fundamentally complete and reliable, and that no material inadequacies were identified. Data sources are identified

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<sup>25</sup>We characterized program evaluations and their uses in [GAO/GGD-00-204](#).

<sup>26</sup>SSA noted that its fifth strategic goal, "Valued Employees," supports the accomplishment of all its basic functions, so its resources are inherently included in the other four goals.

<sup>27</sup>SSA began to implement an improved cost accounting system in fiscal year 2002, which will be phased in over the next 3 to 4 years.

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for many of the performance indicators, such as findings from evaluations and quality assurance reports. In certain cases, data limitations are identified; for example, SSA noted that data to support the "Percent of SSNs issued accurately" goal does not include SSNs (social security numbers) assigned via the Enumeration-at-Birth process and major errors identified by the Office of Quality Assurance that do not include these SSNs result in SSN cards being issued erroneously. Some data verification procedures are noted in the report, but verification procedures are not consistently discussed and data reliability and completeness is not ensured. The IG noted that of the 21 measures it reviewed, 16 were reliable; data or documentation of the methods used to measure SSA's performance were not available for the other five measures. The IG went further to say that even for the performance measures found to be reliable, SSA lacks documentation of the methods and data used to measure its performance. Finally, data were not available for 17 percent of the performance goals, so it was difficult to assess whether or not progress had been made in those areas.

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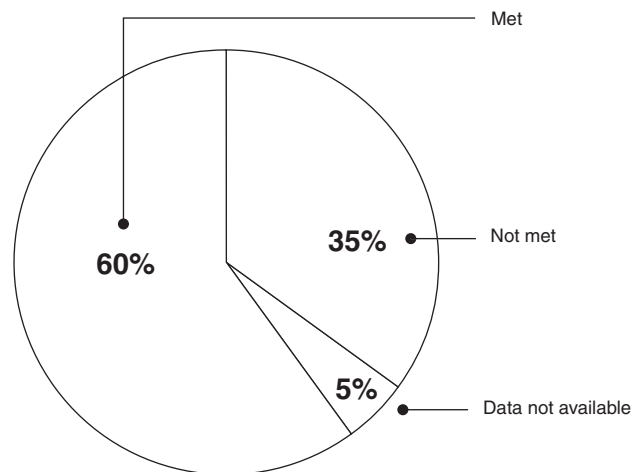
**Observations on the  
Quality of DOT's Fiscal  
Year 2002 Annual  
Performance and  
Accountability Report**

DOT's fiscal year 2002 performance report provided information that generally showed the department's performance and progress toward its goals. Summary tables within the report showed when DOT met or did not meet its targets and the report supplied brief analyses as to whether or not DOT would likely meet its targets for fiscal year 2003 based on actual performance in 2002. A separate section of the report on performance data completeness and reliability, along with an on-line compendium, provides a full level of confidence in DOT's performance data. However, the report does not clearly show the relationship between resources and results.

## DOT's 2002 Report Provided a General Picture of Performance

DOT's fiscal year 2002 performance report<sup>28</sup> provides a general picture of the department's performance. The report includes performance summary tables, which show the progress made toward each strategic objective. These performance summaries include actual performance data from fiscal years 1996 to 2002 when possible, as well as the performance targets for fiscal year 2002 and whether or not the target was met. Similarly, we noted in our 2000 report<sup>29</sup> reviewing DOT's 1999 performance report that performance information was clearly articulated, with summary tables listing the fiscal year 1999 goals and trend data, and checkmarks to indicate whether or not goals were met. Figure 25 summarizes DOT's overall performance on its 40 performance targets, as reported in its 2002 report.

**Figure 25: Summary of DOT's Performance Indicators for Fiscal Year 2002**



Source: GAO analysis of DOT's *Fiscal Year 2002 Annual Performance and Accountability Report*.

According to the report, DOT met 24 (60 percent) of its performance targets. Fourteen (35 percent) of DOT's performance targets were not met.

<sup>28</sup>U.S. Department of Transportation, *Fiscal Year 2002 Performance and Accountability Report* (Washington, D.C.: 2003).

<sup>29</sup>Our review of DOT's fiscal year 1999 report, [GAO/RCED-00-201R](#), focused on our observations regarding only four of the department's key outcomes, as well as the major management challenges addressed in the performance report. Since our review of DOT's 2002 performance report used different assessment criteria, we could not make valid comparisons on all aspects of the reports.

The report provides explanations for why five of these targets were unmet. For example, the target for the measure “number of passengers (in millions) in international markets with open skies aviation agreements” of the “mobility and economic growth” strategic objective was unmet. The target was set at 59.7 million passengers, while DOT’s preliminary estimate for this measure indicated there were 57 million passengers. The report states that this target was unmet because passenger travel diminished in fiscal year 2002 due to the impact that the events of September 11, 2001, had on air travel. However, the report did not provide explanations describing why the nine other targets were not met. A DOT official stated that explanations for these unmet targets were not included in the 2002 report due, in part, to time constraints. In our 2000 report of DOT’s 1999 performance report, we stated that for all of its unmet goals except transit fatalities, the department provided explanations for not meeting the goals related to the outcomes we observed.

We noted in our report on DOT’s 1999 performance report that the department supplied strategies to achieve its unmet goals in the future, for the areas we reviewed. However, of the 14 unmet targets in the fiscal year 2002 report, DOT provided future plans to achieve only two. For example, the report provided a plan for future achievement of the unmet target “percent of environmental justice cases unresolved after one year.” The report stated that DOT’s External Complaint Tracking System was being revised “to track complaints more closely, in a more timely way, and with a higher level of data quality.” DOT is also developing guidance requiring more intensive legal staff involvement in external civil rights complaints, especially environmental justice cases. A DOT official stated that future plans were not included in the 2002 report for the other unmet targets due, in part, to time constraints.

Data were unavailable for two of DOT’s measures, “cumulative average percent change in transit passenger-miles traveled per transit market” and “employment sites (in thousands) made accessible by Job Access and Reverse Commute (JARC) transportation services.” The report explains the reasons why data were unavailable for both of these measures and includes plans to provide these data in the future. Data were unavailable for the JARC program performance measure because DOT had not received data from JARC grantees to verify that fiscal year 2002 program targets had been achieved. DOT states that a new reporting system is being implemented, which should improve data gathering performance.

Although the report does not identify any performance goals that were impractical or infeasible, it states that the measure on transit passenger-miles traveled had been changed in fiscal year 2002 because “it placed excessive emphasis on increasing ridership in the Nation’s very largest urban areas.” However, after using the measure for one year, DOT concluded that the measure should once again be modified to account for changes in the level of employment in each urban area. The report states that a recent study found that changes in the level of employment are a key economic factor related to changes in the level of transit ridership.

Another strength of DOT’s fiscal year 2002 performance report is an analysis of whether or not DOT will likely meet its planned performance targets for fiscal year 2003. Each discussion of performance goals contains an evaluation of the fiscal year 2003 performance plan target and whether or not it will likely be met based on the fiscal year 2002 data. For example, for its highway fatality rate targets, DOT says that the National Highway Traffic Safety Administration and the Federal Motor Carrier Safety Administration will be challenged to meet the established fiscal year 2003 targets because targets had not been met for fiscal year 2002. In other instances where DOT is sure that it will meet its targets for fiscal year 2003, it simply states so, as in the case of its aviation safety targets.

DOT’s 2002 performance report also includes information on completed program evaluations. There is a separate section in the report that discusses DOT’s fiscal year 2002 program evaluations. Summaries of the findings of these evaluations are discussed in this section. For example, an evaluation of the Noise Set-Aside Portion of the FAA (Federal Aviation Administration) Airport Improvement Program found that funding for the program’s noise compatibility projects was variable from year to year, making it difficult to forecast annual population benefits.

As we found in the 1999 report, the major management challenges that DOT faces are generally discussed in the 2002 report. These discussions were contained within the program section to which they relate. The report also showed the progress DOT has made in addressing its management challenges. For example, we noted in our January 2003 report<sup>30</sup> on DOT’s major management challenges that FAA’s financial management systems remained at high risk. DOT’s 2002 report states that FAA created an Interim Fixed Asset System to centrally control and

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<sup>30</sup>[GAO-03-108](#).

account for its property and that in fiscal year 2003, FAA will convert to use Delphi, DOT's financial accounting system.

The 2002 performance report included a discussion on strategic human capital management as part of DOT's "organizational excellence" strategic objective. This discussion included a brief overview of DOT's human capital plan as well as strategies for strategic human capital management. For example, the report noted that FAA was redirecting 37,300 employees into a results-oriented Air Traffic Organization, "freeing most of the FAA to manage better and modernize more efficiently." However, the report did not include a review of the performance goals and evaluation of the performance plan relative to the agency's strategic human capital management, as required by the Homeland Security Act of 2002.

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**DOT's 2002 Report Showed  
No Relationship between  
Resources and Results**

DOT's 2002 performance report did not show the relationship between the resources it used and the results it achieved in fiscal year 2002. The financial portion of the report provided a statement of net cost for each of DOT's programs in fiscal year 2002. The report could be improved by providing net cost information for DOT's performance goals in the performance section of the report, similar to the funding information provided in the 2004 performance plan.

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**DOT's 2002 Report Provided  
Full Confidence That  
Performance Data Are  
Credible**

DOT's 2002 performance report provided a full level of confidence that the department's performance data were credible. In his transmittal letter, the Secretary of DOT stated that the 2002 report "contains performance and financial data that are substantially complete and reliable." The letter also stated that a section of the report assessed the inadequacies of DOT's performance data and provided plans to remedy those inadequacies.

The "Performance Data Completeness and Reliability" section of the 2002 report generally discussed data completeness, reliability, and limitations. This section discussed an overall limitation in DOT's performance data. The report stated that much of DOT's performance data came from external sources, and therefore, the department had no direct control over the quality of these data. The report continues by stating that DOT takes limitations to its external data into account when it uses these data.

The 2002 report noted that DOT has compiled source and accuracy statements that provide detail on the methods used to collect performance data, sources of variation and bias in the data, methods used to verify and validate the data, as well as data limitations.<sup>31</sup> However, the online Source and Accuracy Compendium does not include this information for the goals and measures related to the department's organizational excellence objective. The compendium states that a small number of source and accuracy statements are not yet completed and that they will be added upon completion.

Finally, the 2002 report also described strategies being undertaken to address the quality of data used by DOT. The report stated that a DOT intermodal working group addressed data quality issues by developing departmental statistical standards and by updating source and accuracy statements for all of DOT's data programs. The working group also worked to improve quality assurance procedures, evaluate sampling and nonsampling errors, and develop common definitions for data across modes.

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<sup>31</sup>Bureau of Transportation Statistics, *Source & Accuracy Compendium*, <http://www.bts.gov/statpol/SAcompendium.html> (Washington, D.C.: Aug. 15, 2003).

# GAO Federal Managers' Survey Data

Q1. What is your current grade level?

GS/GM-13 or equivalent (percent)	GS/GM-14 or equivalent (percent)	GS/GM-15 or equivalent (percent)	Senior Executive Service or equivalent (percent)	Other - please specify - Continue with next question (percent)	Number of respondents
31.4	35.2	24.6	7.9	0.9	500

Q1a. If you answered "Other" in question 1 above, please enter your response below.

Writing comment (percent)	Number of respondents
0.9	3

Q2. In total, for how many years have you been a supervisor and/or a manager in the federal government?

Mean	Median	Minimum	Maximum	Number of respondents
13.1	13	1	43	497

Q2no. Or, If you have never been a supervisor or a manager in the federal government, please check the box below.

Percent	Number of respondents
0.6	3

Q3. In your current role, approximately how many government employees are you responsible for? (Please answer for your permanent position. Please specify the total number. If none, enter 0.) Enter numeric digits only. Employees:

Mean	Median	Minimum	Maximum	Number of respondents
77.7	15	1	11,000	475

Q4. Please indicate where you currently work. (If you are currently on temporary assignment or on detail, please answer for your permanent work location.)

Headquarters of my department or agency (percent)	A field office of my department or agency (percent)	Other - please specify - Continue with next question (percent)	No answer (percent)	Number of respondents
28.9	60.7	9.5	1.0	503



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Q4a. If you answered "Other" in question 4 above, please enter your response below.

<b>Writing comment (percent)</b>	<b>Number of respondents</b>
9.5	38

Q5. For those program(s)/operation(s)/project(s) that you are involved with, to what extent, if at all, do you consider your agency's strategic goals when participating in the following activities? (Check one box in each row.)

	<b>To a very great extent (percent)</b>	<b>To a great extent (percent)</b>	<b>To a moderate extent (percent)</b>	<b>To a small extent (percent)</b>	<b>To no extent (percent)</b>	<b>No basis to judge/Not applicable (percent)</b>	<b>No answer (percent)</b>	<b>Number of respondents</b>
a. Setting program priorities	33.9	45.3	11.4	4.7	1.8	2.2	0.7	503
b. Allocating resources	30.3	39.9	18.9	4.8	1.8	3.1	1.3	503
c. Adopting new program approaches or changing work processes	33.6	39.2	16.5	4.6	2.4	1.9	1.8	503
d. Developing or refining program performance measures	29.0	37.0	16.3	8.3	4.1	4.4	0.9	503

Q6. Are there performance measures for the program(s)/operation(s)/ project(s) that you are involved with?

<b>Yes (percent)</b>	<b>No (percent)</b>	<b>Do not know (percent)</b>	<b>No answer (percent)</b>	<b>Number of respondents</b>
89.0	6.2	3.8	1.0	503

Q7. To what extent, if at all, do you agree with the following statements as they relate to performance measures for the program(s)/operation(s)/ project(s) that you are involved with? (Check one box in each row.) We have performance measures that...

	<b>To a very great extent (percent)</b>	<b>To a great extent (percent)</b>	<b>To a moderate extent (percent)</b>	<b>To a small extent (percent)</b>	<b>To no extent (percent)</b>	<b>No basis to judge/Not applicable (percent)</b>	<b>No answer (percent)</b>	<b>Number of respondents</b>
a....tell us how many things we produce or services we provide. (Output measures)	25.8	28.7	19.4	8.4	4.8	1.8	11.0	503
b....tell us if we are operating efficiently. (Efficiency measures)	15.2	27.5	25.8	13.4	5.5	1.5	11.0	503
c....tell us whether or not we are satisfying our customers. (Customer service measures)	16.8	29.8	21.6	12.6	6.1	1.6	11.4	503

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	To a very great extent (percent)	To a great extent (percent)	To a moderate extent (percent)	To a small extent (percent)	To no extent (percent)	No basis to judge/Not applicable (percent)	No answer (percent)	Number of respondents
d....tell us about the quality of the products or services we provide. (Quality measures)	16.0	30.3	23.5	12.6	5.6	0.7	11.3	503
e....demonstrate to someone outside of our agency whether or not we are achieving our intended results. (Outcome measures)	19.1	35.9	19.0	10.5	2.6	1.5	11.3	503
f....link our product or service costs with the results we achieve. (Cost-benefit measures)	12.5	18.7	19.7	20.0	11.7	6.0	11.3	503

Q8. For those program(s)/operation(s)/project(s) that you are involved with, to what extent, if at all, do you use the information obtained from performance measurement when participating in the following activities?

	To a very great extent (percent)	To a great extent (percent)	To a moderate extent (percent)	To a small extent (percent)	To no extent (percent)	No basis to judge/Not applicable (percent)	No answer (percent)	Number of respondents
a. Setting program priorities	13.0	38.7	21.7	10.8	3.4	1.2	11.0	503
b. Allocating resources	14.9	36.6	20.3	10.8	3.7	1.8	12.0	503
c. Adopting new program approaches or changing work processes	13.9	34.8	24.2	10.2	4.1	0.9	11.9	503
d. Coordinating program efforts with other internal or external organizations	10.1	32.2	29.4	10.9	3.6	2.7	11.1	503
e. Refining program performance measures	14.4	28.8	24.7	13.2	3.4	4.1	11.3	503
f. Setting new or revising existing performance goals	16.1	32.4	21.0	11.8	2.9	3.5	12.3	503
g. Setting individual job expectations for the government employees I manage or supervise	18.4	33.6	22.0	9.3	2.8	2.4	11.4	503
h. Rewarding government employees I manage or supervise	17.7	33.3	21.8	8.2	4.0	3.0	11.9	503
i. Developing and managing contracts	7.3	18.8	19.3	10.4	8.1	24.4	11.7	503

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Q9. Based on your experience with the program(s)/operation(s)/project(s) that you are involved with, to what extent, if at all, have the following factors hindered measuring performance or using the performance information?

	To a very great extent (percent)	To a great extent (percent)	To a moderate extent (percent)	To a small extent (percent)	To no extent (percent)	No basis to judge/Not applicable (percent)	No answer (percent)	Number of respondents
a. Setting program priorities	14.2	20.3	32.1	19.7	9.1	3.9	0.7	503
b. Different parties are using different definitions to measure performance	10.3	23.5	24.6	24.6	10.4	5.6	1.0	503
c. Difficulty obtaining valid or reliable data	7.5	22.1	26.0	27.2	12.0	4.1	1.0	503
d. Difficulty obtaining data in time to be useful	7.6	17.5	23.9	26.0	18.3	4.4	2.2	503
e. Lack of incentives (e.g., rewards, positive recognition)	12.9	15.8	25.0	24.1	16.6	4.8	0.8	503
f. Difficulty resolving conflicting interests of stakeholders, either internal or external	9.5	19.3	25.5	22.0	14.5	8.1	1.0	503
g. Difficulty distinguishing between the results produced by the program and results caused by other factors	7.4	18.7	24.3	28.6	13.7	6.3	1.0	503
h. Existing information technology and/or systems not capable of providing needed data	9.7	19.4	20.6	26.6	17.0	5.4	1.3	503
i. Lack of staff who are knowledgeable about gathering and/or analyzing performance information	10.1	17.5	23.4	26.2	16.5	5.0	1.3	503
j. Lack of ongoing top executive commitment or support for using performance information to make program/funding decisions	9.7	16.0	18.4	24.0	23.1	7.9	1.0	503

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	To a very great extent (percent)	To a great extent (percent)	To a moderate extent (percent)	To a small extent (percent)	To no extent (percent)	No basis to judge/Not applicable (percent)	No answer (percent)	Number of respondents
k. Lack of ongoing Congressional commitment or support for using performance information to make program/funding decisions	7.1	16.6	18.1	16.5	17.1	23.8	0.7	503
l. Difficulty determining how to use performance information to improve the program	5.3	12.8	30.1	26.6	18.8	5.6	0.7	503
m. Concern that OMB will micromanage programs in my agency	7.9	10.8	14.7	19.2	26.6	19.7	1.0	503

Q10. To what extent, if at all, do you agree with the following statements? (Check one box in each row.)

	To a very great extent (percent)	To a great extent (percent)	To a moderate extent (percent)	To a small extent (percent)	To no extent (percent)	No basis to judge/Not applicable (percent)	No answer (percent)	Number of respondents
a. Agency managers/supervisors at my level have the decision making authority they need to help the agency accomplish its strategic goals.	9.5	30.1	28.1	25.2	5.6	0.6	1.0	503
b. Agency managers/supervisors at my level are held accountable for agency accomplishment of its strategic goals.	14.6	42.9	24.1	12.7	3.3	1.5	1.0	503
c. Agency managers/supervisors at my level are held accountable for the results of the program(s)/operation(s)/project(s) they are responsible for.	24.2	46.5	17.2	7.2	3.0	0.9	1.0	503

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	To a very great extent (percent)	To a great extent (percent)	To a moderate extent (percent)	To a small extent (percent)	To no extent (percent)	No basis to judge/Not applicable (percent)	No answer (percent)	Number of respondents
d. Employees in my agency receive positive recognition for helping the agency accomplish its strategic goals.	9.7	27.1	31.2	22.0	7.2	1.5	1.3	503
e. My agency's top leadership demonstrates a strong commitment to achieving results.	24.4	37.1	21.8	9.9	2.9	2.6	1.3	503
f. My agency is investing the resources needed to ensure that its performance data is of sufficient quality.	9.5	21.4	29.3	21.9	7.4	9.3	1.0	503

Q11. To what extent, if at all, do you agree with the following statements? (Check one box in each row.) The following items focus on the program(s)/operation(s)/project(s) that you are responsible for.

	To a very great extent (percent)	To a great extent (percent)	To a moderate extent (percent)	To a small extent (percent)	To no extent (percent)	No basis to judge/Not applicable (percent)	No answer (percent)	Number of respondents
a. The individual I report to periodically reviews with me the results or outcomes of the program(s) operation(s)/project(s) that I am responsible for.	18.8	36.1	23.1	15.3	5.3	0.4	1.0	503
b. Funding decisions for the program(s)/ operation(s)/project(s) I am responsible for are based on results or outcome-oriented performance information.	4.5	20.9	23.1	26.4	16.5	7.5	1.0	503
c. Staffing and personnel decisions for the program(s)/ operation(s)/project(s) I am responsible for are based on results or outcome-oriented performance information.	4.2	20.9	27.8	23.2	19.0	3.7	1.3	503

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	To a very great extent (percent)	To a great extent (percent)	To a moderate extent (percent)	To a small extent (percent)	To no extent (percent)	No basis to judge/Not applicable (percent)	No answer (percent)	Number of respondents
d. Changes by management above my level to the program(s)/operation(s)/project(s) I am responsible for are based on results or outcome-oriented performance information.	2.6	20.5	25.2	26.5	15.3	8.2	1.6	503
e. It is easy to motivate employees to be more results-oriented in the program(s)/operation(s)/project(s) I am responsible for.	3.5	22.0	33.6	29.0	7.8	2.8	1.3	503
f. I have sufficient information on the validity of the performance data I use to make decisions.	4.7	32.6	30.2	20.3	7.1	3.2	1.8	503

Q12. During the past 3 years, has your agency provided, arranged, or paid for training that would help you to accomplish the following tasks? (Check one box in each row.)

	Yes (percent)	No (percent)	No answer (percent)	Number of respondents
a. Conduct strategic planning	46.7	52.3	1.0	503
b. Set program performance goals	48.8	50.2	1.0	503
c. Develop program performance measures	42.9	55.5	1.6	503
d. Assess the quality of performance data	35.3	63.5	1.3	503
e. Use program performance information to make decisions	40.7	56.8	2.4	503
f. Link the performance of program(s)/operation(s)/project(s) to the achievement of agency strategic goals	40.8	57.0	2.2	503
g. Implement the requirements of the Government Performance and Results Act (GPRA or the Results Act)	31.9	66.7	1.3	503

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Q13. In your opinion, to what extent, if at all, do you believe you need training (or additional training) in order to help you to accomplish the following tasks? (Check one box in each row.)

	To a very great extent (percent)	To a great extent (percent)	To a moderate extent (percent)	To a small extent (percent)	To no extent (percent)	No basis to judge/Not applicable (percent)	No answer (percent)	Number of respondents
a. Conduct strategic planning	8.2	18.3	27.8	30.8	11.2	2.8	0.9	503
b. Set program performance goals	8.6	19.7	27.6	27.2	12.7	3.0	1.2	503
c. Develop program performance measures	9.6	21.1	29.2	23.7	11.2	3.6	1.6	503
d. Assess the quality of performance data	8.9	22.1	25.7	25.7	13.3	2.5	1.9	503
e. Use program performance information to make decisions	9.5	22.1	23.7	26.9	13.8	2.2	1.9	503
f. Link the performance of program(s)/operation(s)/project(s) to the achievement of agency strategic goals	12.0	21.6	24.2	27.3	11.2	2.8	0.9	503
g. Implement the requirements of the Government Performance and Results Act (GPRA or the Results Act)	12.0	25.0	26.4	17.6	11.1	6.9	1.0	503

Q14. What, in your opinion, can the Federal government do to improve its overall focus on managing for results?

Writing comment (percent)	Number of respondents
65.4	503

Q15. Prior to receiving this questionnaire, which of the following statements best describes your awareness of GPRA?

I had never heard of GPRA. (percent)	I had heard of GPRA but had no knowledge of its requirements. (percent)	I had heard of GPRA and had a low level of knowledge of its requirements. (percent)	I had heard of GPRA and had moderate knowledge of its requirements. (percent)	I had heard of GPRA and had extensive knowledge of its requirements. (percent)	No answer (percent)	Number of respondents
19.5	13.5	24.5	35.4	5.6	1.5	503

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Q16. For those program(s)/operation(s)/project(s) that you are involved with, to what extent, if at all, do you consider the annual performance goals set forth in your agency's GPRA annual performance plan when participating in the following activities?

	To a very great extent (percent)	To a great extent (percent)	To a moderate extent (percent)	To a small extent (percent)	To no extent (percent)	No basis to judge/Not applicable (percent)	No answer (percent)	Number of respondents
a. Setting program priorities	7.5	19.8	24.4	12.7	13.5	20.8	1.2	503
b. Allocating resources	5.2	16.8	23.9	15.7	14.7	22.5	1.2	503
c. Adopting new program approaches or changing work processes	5.9	21.3	23.8	13.5	13.3	21.1	1.2	503
d. Coordinating program efforts with other internal or external organizations	5.4	16.2	26.4	15.7	12.8	22.3	1.2	503
e. Developing or refining program performance measures	5.7	18.1	21.5	15.9	14.7	22.9	1.2	503
f. Setting individual job expectations for the government employees I manage or supervise	5.7	22.0	19.7	15.4	15.0	20.5	1.6	503
g. Rewarding government employees I manage or supervise	5.9	19.5	20.4	16.1	16.2	20.5	1.5	503
h. Developing and managing contracts	3.3	12.3	14.9	13.3	16.4	37.1	2.7	503

Q17. During the past 3 years, have you been involved in these activities? (Check one box in each row.) GPRA-related activities

	Yes (percent)	No (percent)	No answer (percent)	Number of respondents
a. Developing ways to measure whether program performance goals are being achieved.	45.8	52.7	1.5	503
b. Gathering and analyzing data to measure whether programs are meeting their specific performance goals.	50.6	47.9	1.5	503
c. Using measures for program performance goals to determine if the agency's strategic goals are being achieved.	42.6	55.9	1.5	503
d. Assessing the quality of data used in measuring performance.	39.7	58.2	2.1	503



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Q18. To what extent, if at all, do you agree with the following statements? (Check one box in each row.) Extent I agree with the following statements:

	To a very great extent (percent)	To a great extent (percent)	To a moderate extent (percent)	To a small extent (percent)	To no extent (percent)	No basis to judge/Not applicable (percent)	No answer (percent)	Number of respondents
a. The objectives of my program(s)/operation(s)/project(s) are in alignment with my agency's strategic plan under GPRA.	10.1	29.4	15.8	7.2	1.2	35.0	1.2	503
b. The costs associated with implementing GPRA have taken time or funds away from other important activities or projects.	4.8	7.7	13.1	15.1	10.6	46.1	2.5	503
c. The benefits to my agency that are achieved by implementing GPRA are worth the costs incurred in doing so (e.g., in time, money, and effort).	3.8	11.3	15.8	12.4	7.4	48.0	1.3	503
d. GPRA strategic and annual performance plans are mostly a repackaging of goals, measures, and objectives that were already being used within my agency.	5.7	22.7	19.1	7.7	2.8	40.1	1.9	503
e. Managerial effectiveness is impeded by the lack of integration between GPRA and other federal management programs.	3.8	7.7	16.3	13.4	6.8	50.5	1.5	503
f. My agency considers contributions to and comments on GPRA plans or reports from managers/supervisors at my level:	3.5	10.6	15.6	15.0	11.7	42.1	1.5	503

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	To a very great extent (percent)	To a great extent (percent)	To a moderate extent (percent)	To a small extent (percent)	To no extent (percent)	No basis to judge/Not applicable (percent)	No answer (percent)	Number of respondents
g. Agency managers/supervisors at my level use GPRA annual performance plans to manage their program(s)/operation(s)/project(s).	3.6	7.8	18.5	16.4	17.7	33.9	2.1	503
h. GPRA's planning and reporting requirements impose a significant paperwork burden.	2.9	7.4	17.1	15.9	7.3	47.7	1.8	503
i. GPRA has caused agency managers/supervisors at my level to place a greater emphasis on getting input from appropriate stakeholders on their interests and expectations.	2.5	7.0	20.8	13.1	12.2	42.2	2.1	503

Q19. To what extent, if at all, do you believe that GPRA has improved your agency's ability to deliver results to the American public.

To a very great extent (Continue with question 19a.) (percent)	To a great extent (Continue with question 19a.) (percent)	To a moderate extent (Continue with question 19a.) (percent)	To a small extent (percent)	To no extent (percent)	No basis to judge/Not applicable (percent)	No answer (percent)	Number of respondents
1.6	6.9	14.5	25.2	11.6	38.0	2.1	503

Q19a. Please briefly describe how GPRA has improved your agency's ability to deliver results to the American public.

Writing comment (percent)	Number of respondents
23.0	139

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Q20. To what extent, if at all, do you believe the following persons or entities pay attention to your agency's efforts under GPRA? (Check one box in each row.)

	To a very great extent (percent)	To a great extent (percent)	To a moderate extent (percent)	To a small extent (percent)	To no extent (percent)	No basis to judge/Not applicable (percent)	No answer (percent)	Number of respondents
a. Department Secretary (if applicable)	10.3	18.3	10.6	6.2	3.6	47.1	3.9	503
b. Agency head other than Department Secretary (if applicable)	11.4	20.6	12.9	6.9	2.1	42.9	3.2	503
c. The individual I report to	8.5	16.0	19.3	14.0	13.2	26.6	2.4	503
d. Managers and supervisors at my level	5.1	13.2	19.7	19.5	16.0	24.1	2.4	503
e. Employees who report to me	2.5	8.3	13.8	18.1	30.7	24.0	2.7	503
f. Office of Management and Budget	14.1	16.7	11.4	4.0	1.8	49.0	2.9	503
g. Congressional committees	7.8	14.5	13.0	8.2	3.5	50.3	2.6	503
h. The audit community (e.g., GAO, Inspectors General)	11.7	16.9	11.5	7.3	1.2	48.2	3.2	503
i. The general public	1.5	2.5	6.1	17.5	26.4	42.2	3.9	503

Q21. To what extent, if at all, do you believe that efforts to implement GPRA to date have improved the program(s)/operation(s)/project(s) in which you are involved?

I have not been sufficiently involved in GPRA to have an opinion. (percent)	To a very great extent (percent)	To a great extent (percent)	To a moderate extent (percent)	To a small extent (percent)	To no extent (percent)	No answer (percent)	Number of respondents
48.7	2.9	5.2	14.7	16.2	10.0	2.4	503

Q22. To what extent, if at all, do you believe that efforts to implement GPRA to date have improved your agency's programs/operations/projects?

I have not been sufficiently involved in GPRA to have an opinion. (percent)	To a very great extent (percent)	To a great extent (percent)	To a moderate extent (percent)	To a small extent (percent)	To no extent (percent)	No answer (percent)	Number of respondents
47.9	2.3	6.2	17.0	16.3	8.7	1.5	503

**Appendix VI**  
**GAO Federal Managers' Survey Data**

Q23. To what extent, if at all, do you believe implementing GPRA can improve your agency's programs/operations/projects in the future ?

To a very great extent (percent)	To a great extent (percent)	To a moderate extent (percent)	To a small extent (percent)	To no extent (percent)	No basis to judge (percent)	No answer (percent)	Number of respondents
3.4	11.9	23.7	16.7	5.6	35.7	3.0	503

Q24. If you have been involved to any extent in implementing GPRA for the program(s)/operation(s)/project(s) you are involved with, what has been your greatest difficulty, and in what ways, if any, do you think this difficulty could be addressed?

Writing comment (percent)	Number of respondents
26.0	503

Q25. If you have additional comments regarding any previous question or any comments/suggestions concerning GPRA, please use the space provided below.

Writing comment (percent)	Number of respondents
16.5	503

Note: Percents reported are weighted percents based on the population size. Unweighted N reported for each item.

# Agencies Subject to the Chief Financial Officers Act

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The Chief Financial Officers Act of 1990 (the CFO Act) created the position of Chief Financial Officer in each executive department and in each major executive agency in the federal government. The agencies covered by the CFO Act are:

1. Agency for International Development
2. Department of Agriculture
3. Department of Commerce
4. Department of Defense
5. Department of Education
6. Department of Energy
7. Department of Health and Human Services
8. Department of Housing and Urban Development
9. Department of the Interior
10. Department of Justice
11. Department of Labor
12. Department of State
13. Department of Transportation
14. Department of the Treasury
15. Department of Veterans Affairs
16. Environmental Protection Agency
17. Federal Emergency Management Agency<sup>1</sup>

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<sup>1</sup>The Federal Emergency Management Agency became part of the Department of Homeland Security in March 2003.

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**Appendix VII**  
**Agencies Subject to the Chief Financial**  
**Officers Act**

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18. General Services Administration
  19. National Aeronautics and Space Administration
  20. National Science Foundation
  21. Nuclear Regulatory Commission
  22. Office of Personnel Management
  23. Small Business Administration
  24. Social Security Administration<sup>2</sup>

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<sup>2</sup>Formerly part of the Department of Health and Human Services, the Social Security Administration once again became an independent agency on March 31, 1995. Congress established the position of Chief Financial Officer within SSA in the Social Security Independence and Program Improvements Act of 1994.

# Comments from the Office of Management and Budget



DEPUTY DIRECTOR  
FOR MANAGEMENT

EXECUTIVE OFFICE OF THE PRESIDENT  
OFFICE OF MANAGEMENT AND BUDGET  
WASHINGTON, D. C. 20503

February 2, 2004

Ms. Pat Dalton  
Director  
Strategic Issues  
General Accounting Office  
441 G Street, NW  
Washington, DC 20548

Dear Ms. Dalton:

Thank you for the opportunity to comment on the draft GAO report on GPRA implementation (*Results-Oriented Government: GPRA has Established a Solid Foundation for Achieving Greater Results*, GAO-04-38).

We appreciate GAO's extensive review of the Executive Branch's implementation of the Government Performance and Results Act (GPRA). We agree that GPRA provides a foundation for making the Federal government more results-oriented. However, too often, neither Congress nor the Executive Branch was using GPRA performance information to manage or oversee programs. As you know, we are giving enhanced attention to agency and program results and identifying the corrective action necessary to overcome any shortcomings in program management or performance. Our goal should be to implement those corrective actions, which will help us realize the results-orientation envisioned by GPRA.

Your recommendations will enhance our efforts to make the government more results-oriented. For instance, we will continue to use the Program Assessment Rating Tool (PART) to improve agency performance measurement practices and share those practices across government. And we will revise our guidance, both for GPRA and the PART, to clarify the integrated and complementary relationship between the two initiatives. We will also work with agencies to ensure they are provided adequate training in performance management, a key objective of the PMA.

With respect to your recommendation to produce a government-wide strategic and performance plan, we believe that the President's annual Budget represents the Executive Branch's government-wide strategic and performance plan. The President's Budget provides a strategic cross-cutting view of the President's priorities, and the Budget is providing increasing emphasis on performance. The Budget includes a discussion of agency performance against goals, as well as agency status and progress on the President's Management Agenda. As the Administration works to reach its goal of applying the PART to all programs administered by the

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**Appendix VIII**  
**Comments from the Office of Management**  
**and Budget**

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Federal government, we will be able to include in the President's Budget outcome-oriented goals for all the government's programs.

Thank you for the opportunity to review and comment on your draft report. I appreciate your willingness to take our oral and written comments into consideration in the final draft. I look forward to working with you to improve the ways in which we are creating a results-oriented government.

Sincerely,



Clay Johnson III



# Comments from the Department of Energy

Note: GAO comments supplementing those in the report text appear at the end of this appendix.



## Department of Energy

Washington, DC 20585

January 15, 2004

Ms. Patricia A. Dalton, Director  
Strategic Issues  
U.S. General Accounting Office  
Washington, DC 20548

Dear Ms. Dalton:

We are forwarding our comments on the draft audit entitled, "Results – Oriented Government, GPRA has Established a Solid Foundation for Achieving Greater Results, GAO-04-38, January 2004." In this report, GAO reviewed the draft strategic plans, annual performance plans, and annual performance reports for the Department of Energy (DOE) and five other agencies. The DOE took a different approach to preparing these documents than some other agencies. Below we have demonstrated how we complied with GPRA guidelines in preparing the required documents, yet in some cases GAO did not give us the proper credit.

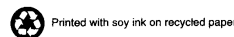
In regard to Annual Performance Plans (APPs), GAO compared agencies' APPs for 2004 with 1999. The report (pages 8-9) indicates that DOE was the only agency of the six reviewed that did not:

- Maintain or improve our efforts to provide a clear picture of intended performance.
- Specify the strategies and resources we intended to use to achieve our performance goals.
- Report on how we would ensure performance data will be credible.

DOE disagrees with all three comments.

- In the introduction section of the FY 2004 APP, we provide a clear picture of intended performance. Each of the 17 General Goals contains a description of the program. A good example of providing a clear picture of performance can be found on page 12 of our FY 2004 APP in General Goal 1 where each activity (hydrogen, wind, hydropower, solar, etc.) is separately addressed.
- Each General Goal contains a paragraph on the means and strategies that will be used to achieve our goals. In addition, funding is included at the General Goal level.
- The introduction contains a section on "Criteria for Assessing our Results." Under the Validation and Verification section on page 4 of our FY 2004 APP, we discuss the Joule software package used for documenting and tracking performance data.

On page 11 of the report, GAO states that "The clarity of Energy's plan remained limited because its annual goals were not clearly linked to its mission, the long-term goals in its strategic plan, or the program activities in its budget request." This is not an accurate



Now on pp. 53-54.

See comment 1.

See comment 2.

See comment 3.

See comment 1.

Now on p. 56.

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**Appendix IX**  
**Comments from the Department of Energy**

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statement. As was explained to the GAO team that visited with DOE, when the FY 2004 APP was prepared, the draft strategic plan contained 17 General Goals and matched the published version of the FY 2004 APP. As a result of coordinating our draft strategic plan within DOE and with the Office of Management and Budget, the draft strategic plan used for this report had been reduced to seven General Goals. Had the draft of the strategic plan in its place at the time the FY 2004 APP was prepared been used, there would have been a one-to-one correlation between the goals in the APP and the strategic plan.

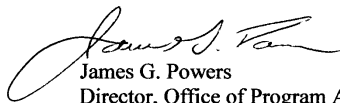
See comment 4.

The portion of the draft GAO report dedicated to Annual Performance Reports for FY 2002 (i.e., Performance and Accountability Report (PAR)) states on page 19, that six agencies (including DOE) did not consistently report the reasons for not meeting their goals. In the DOE FY 2002 PAR, each target that was not met provided a plan of action for addressing the causes of not meeting the target. An example can be found on page 32 of the FY 2002 PAR, under SC3-1, where an action plan is provided for a target that was not met.

See comment 5.

Also in reference to the DOE FY 2002 PAR, page 105 of the draft GAO report indicates that DOE did not provide a discussion of the relationship between the strategic plan, performance plan, and the performance report. However, page 80 of the FY 2002 PAR under the introductory section of the Detailed Performance Results contains a paragraph dedicated to providing that linkage.

We are hopeful that our comments will lead to a fair and accurate presentation of DOE in your final report. Our staff is available to meet with you to discuss these points in further detail. In order to arrange such a meeting, please contact Van Jones on 202-586-4050.

  
James G. Powers  
Director, Office of Program Assessment  
and Evaluation/OMBE

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The following are our comments on DOE's letter dated January 15, 2004.

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## GAO Comments

The Director of the Office of Program Assessment and Evaluation forwarded written comments from DOE on a draft of this report. DOE disagreed with several of our conclusions concerning its 2004 Annual Performance Plan and 2002 Performance and Accountability Report. We incorporated the additional information and perspectives of DOE into our report as appropriate.

1. We stated that, when compared to the 1999 Annual Performance Plan, DOE's 2004 Annual Performance Plan continued to provide a limited picture of intended performance. DOE disagreed, stating that the plan provided a clear picture of intended performance because a description of each program was contained in each of the general goals. We agree that a description of programs is provided for each goal, and we also stated in our draft report that improvement was made in developing results-oriented performance measures that pertained specifically to fiscal year 2004. However, in our view, describing each program does not sufficiently explain DOE's expectations for intended performance. More specifically, we found the overall picture of intended performance was limited because DOE did not specifically describe how it coordinates with other agencies to accomplish crosscutting programs and did not provide a clear link between its annual goals and its mission and strategic goals. In our draft report we acknowledged that a link did not exist between the performance plan and the strategic plan because the strategic plan was revised after the performance plan was finalized. Nevertheless, DOE did not revise the final 2004 performance plan to reflect its changes in strategic goals. The lack of alignment between the performance plan and strategic plan goals limits the usefulness of the performance plan to support managers and staff in their day-to-day activities in achieving DOE's long-term strategic goals.
2. In response to our observation that DOE provided a general discussion of the strategies and resources needed to achieve its performance goals, DOE stated that its 2004 annual performance plan provided specific strategies and resources that will be used to achieve performance goals. DOE also noted that funding was included at the general goal level. We agree that funding was included at the general strategic goal level. However, better plans relate resources to the achievement of performance goals. DOE did not provide resource information at the performance goal level. Furthermore, while DOE

discussed external factors that could affect its ability to achieve its performance goals at a high level, it did not discuss any specific strategies to mitigate those factors.

3. DOE disagreed with our characterization that its 2004 annual performance plan provided limited confidence that performance data will be credible. The department stated that the introduction section of its plan contained specific sections on assessing results and validating and verifying data, as well as discussed a software package used to document and track performance. In our draft report, we stated that DOE's plan showed some improvement over its 1999 plan by describing credible procedures to verify and validate performance information and by mentioning specific program evaluations for each goal. We also noted that DOE acquired new commercial software for performance tracking through remote data entry, monitoring, and oversight by program offices and managers. However, we concluded that DOE's reporting of credible performance data was limited because its plan does not specifically identify data limitations overall or for each of its goals. As we stated in our report, we found this to be of particular concern because, as we mentioned in our 2003 performance and accountability series, DOE has several management challenges where data quality is a concern.
4. Concerning its 2002 Annual Performance and Accountability Report, DOE stated that it provided a plan of action for addressing the causes of targets that were not met. We agree, and in our draft report we state that all targets that were not met or had mixed results contained a plan of action to achieve the target in the future. We also found that the majority of DOE targets that were not met or had mixed results contained clear explanations. We revised our text in the final version of this report to make these findings more evident.
5. Finally, DOE disagreed with our finding that it did not provide a discussion of the relationship between the strategic plan, performance plan, and the performance report in its 2002 Performance and Accountability Report. DOE stated that the introductory section of the report contains a paragraph that discusses the linkages between these three reports. However, although the performance and accountability report links these documents by organizing its results section according to strategic goals, associated program performance goals and targets, it did not succinctly demonstrate how the results relate to

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the annual and long-term strategic goals. We modified the draft accordingly to clarify this point.

# Comments from the Department of Housing and Urban Development

Note: GAO comments supplementing those in the report text appear at the end of this appendix.



U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT  
WASHINGTON, DC 20410-3000

OFFICE OF THE CHIEF FINANCIAL OFFICER

JAN 9 2003

Ms. Patricia A. Dalton  
Director  
Strategic Issues  
U.S. General Accounting Office  
451 G Street NW  
Washington, DC 20548

The Department of Housing and Urban Development (HUD) appreciates the recognition of the substantial progress HUD has made in meeting the Government Performance and Results Act requirements in your draft report entitled "Results-Oriented Government: GPRA has Established a Solid Foundation for Achieving Greater Results." All of the areas that GAO has suggested for further improvement are in process or under consideration at HUD.

Per your request, we are providing the enclosed comments for your consideration in clarifying or correcting the draft report. Please contact James Martin at (202) 708-0638 ext. 3706 or Kenneth M. Leventhal (202) 708-0614 ext. 6849 if you have any questions.

Sincerely yours,

A handwritten signature in black ink, appearing to read "De W. Ritchie".

De W. Ritchie  
Deputy Chief Financial Officer

Enclosure

[www.hud.gov](http://www.hud.gov)

[espanol.hud.gov](http://espanol.hud.gov)

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**Appendix X**  
**Comments from the Department of Housing**  
**and Urban Development**

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ENCLOSURE

**Comments for GAO:**

**Strategic Plan:**

**Comment 1:** In the last paragraph on page 4 of the draft report, we question why HUD is omitted from the list of agencies whose strategic plans contained long-term goals that: demonstrated improvements in the quality of their 1997 goals; covered their missions; were results-oriented; and were expressed in a manner that could be used to gauge future success. HUD's March 2003 Strategic Plan addresses all these issues. The omission of HUD from this listing appears inconsistent with the HUD progress recognized by GAO in Table 1 on page 3 of the draft report.

In addition, HUD does not believe that the improvements in both long-term numerical and intermediate goals are fully reflected. We would first comment that the nature of a Strategic Plan has certain limitations as to the level of details and that the linkages flow in large part from the corresponding development of the Annual Performance Plan. Furthermore, we do not agree with the assessment on page 41 that the link between long-term and intermediate goals is difficult to discern. For example, in the last paragraph of page 41, the general point is not apparent. The statement that "long-term performance measures are not consistently linked to a corresponding intermediate measure" seems to miss the point that both long-term and intermediate measures are aligned with strategic goals. The need for a direct linkage with each other is not apparent. Second, the example given seems to be characterized as a problem simply because the baseline has not yet been determined. It is not clear how this fact illustrates the general point. Finally, the statement about the number of respondents to be surveyed seems out of place; the appropriate consideration for a Strategic Plan would seem to be whether a statistically reliable measure currently exists or is planned. HUD suggests that extraneous material be edited out of the paragraph to clarify the point, and that GAO further consider the following points.

- HUD worked diligently to improve the quality of its long-term strategic goals and substantially increased the number of long-term goals and advanced the quality by committing to many numerical goals that can be reviewed, as was requested during Congressional consultation. The provision of numerical goals makes HUD's goals particularly meaningful since they can then be measured. In addition, many of the long-term performance measures reflect a maturing of HUD's efforts and ability to measure performance accurately. As an example, the PHAS and SEMAP systems have now been in place for sufficient time to provide over the course of the strategic plan accurate measurement of progress in our Public Housing and Section 8 programs which represent close to 70 percent of the Department's overall resources.
- HUD also feels strongly that the long-term performance measurements under Strategic Goal: Embrace High Standards of Ethics, Management and Accountability reflect substantial progress in capturing the major management challenges facing the Department as identified by GAO and IG reviews.

See comment 1.

**Appendix X**  
**Comments from the Department of Housing**  
**and Urban Development**

2

**Comment 2:** On page 40, HUD is given credit for explaining how it will coordinate with other agencies but credit should also be recognized on page 7. Paragraph 3, states that none of the agencies provided any details regarding crosscutting activities. Following are citations from HUD's Strategic Plan, for GAO's consideration:

- On page 7. HUD cites its intention to "Work with the Department of Treasury to enact a tax credit for developers of affordable single-family housing."
- On page 17, under "Increase-housing opportunities for persons with disabilities HUD cites "...a pilot program in 11 states called Project Access, a joint effort between HUD and the Department of HHS designed to ease the transition of non-elderly persons with disabilities from nursing homes into community living and also cites..."
- "Signing a Memorandum of Understanding with the Department of Justice and IRS to ensure that multifamily properties within the Low-Income Housing Tax Credit Program, the number one producer of low-income housing, comply with federal accessibility standards."
- On page 26, HUD details the interagency approach in fighting homelessness reflected in the reauthorized Interagency Council on the Homeless and the coordination between the Secretaries of HUD, HHS, and Veterans Affairs.
- On page 34, HUD cites the cooperative efforts with the Department of Justice to enforce the Fair Housing Act and with the Departments of Treasury and Justice to ensure the Low-Income Housing Tax Credit projects are in compliance with the Fair Housing Act.
- On page 50 the Plan also refers to the conducting of interagency events and conferences designed to educate and train faith-based and community organizations on equal access issues and partnership opportunities.
- Finally, the Department has a more extensive discussion of Interagency Partnerships on page 53, which highlights 6 additional interagency efforts.

**Comment 3:** On page 42, GAO states that, "HUD's current strategic plan does not describe how program evaluations were used to develop its strategic goals or other components of its plan, and does not include a schedule for future evaluations." On page 3, HUD requests that in Table 1 and in the discussion on page 3 GAO will recognize HUD's fulfillment of the Evaluations element in our Strategic Plan. For example, the closing cost research discussed on page 9 is the only feasible way to address the issue of home purchase transaction costs. The research directly supports the long-term performance measure and the strategic objective, and the discussion specifies a timetable for replicating the evaluation for long-term performance assessment. Similarly, the "awareness of fair housing laws" discussion (page 35, as well as 33-34) shows how research provided a baseline and was used to establish a goal, and also provides a timetable for replicating the study. Numerous similar examples appear.

See comment 2.



HUD was not recognized for the Plan's extensive discussion of policy development and program evaluation supporting strategic goals (pages 57-60). For example, the "increasing minority homeownership" and "Affordable housing goals for GSEs" discussions on page 57 explain how research helped establish the goals and in turn how research is being shaped to address policy issues that are critical to goal achievement. Program evaluation also is mentioned throughout the document, and plays a central role in the establishment of performance goals; a number of the long-term performance measures and intermediate measures explicitly rely on research efforts to supplement the performance metrics available from Administrative data for the reasons discussed above, HUD requests that GAO modify Table III. 4 and the discussion on page 39 to recognize the inclusion of evaluations material in HUD's Strategic Plan. The plan explains how evaluations were used to establish and measure goals in the Strategic Plan, and identifies timetables for several evaluations. In light of this material, it seems appropriate to change the "No" in Table III. 4 to "Yes."

HUD believes that the second paragraph of page 42 is factually incorrect for the reasons discussed above. It would seem appropriate for GAO to recognize the ways in which HUD's Strategic Plan fulfills the GPRA evaluations requirement and to identify ways in which it falls short of GAO's criteria for a successful presentation of evaluation information.

**Comment 4:** On page 42 the draft raises the issue of how HUD will "discern between those jobs created by CDBG and those created by other means", this question is more appropriate to a data review or data audit and seems unnecessary for this report.

**Annual Performance Plans**

**Comment 1:** HUD included a detailed Means and Strategy discussion for each of our Strategic Goals and we believe we should be added to the DOE citation on pages 12-13.

**Comment 2:** On page 75, HUD's goal is misstated: it should read, "Promote decent affordable housing." A strategic objective is misstated on the same page: "Increase minority homeownership."

**Performance and Accountability Report:**

**Comment 1:** On page 13, for the FY 2002 PAR, HUD for the first time provided a table akin to the SSA table with results shown in the front of each Strategic Goal Section. The table/shows whether HUD "substantially met" (a check mark) or did not meet (no check mark) and/or provided extensive footnotes where necessary to clarify the result. In addition, HUD had approximately 190 data elements to report on compared to the 69 cited for SSA.

See comment 3.

**Appendix X  
Comments from the Department of Housing  
and Urban Development**

4

We recognize that the number of indicators required by GPRA guidance regarding full coverage of program and activities does require a thorough effort to review HUD's inclusive performance results. Thus, the multi-pronged nature of HUD's mission and programs to some extent precludes simple summaries of overall performance. HUD believes that the summary tables for each strategic goal provided the best and most feasible balance of simplicity, transparency and completeness for the Department's strategic framework and programmatic structure.

See comment 4.

**Comment 2:** On page 19, the report says that HUD, SBA and DOT did not discuss plans or strategies to achieve unmet goals in the future and that HUD and several other agencies did not report the reasons for not meeting their goals. HUD believes that we consistently tried to report on reasons for not meeting goals as well as discussing strategies to achieve unmet goals in the future. We would concede that we may not have done this in every case and that is in part because it is often difficult to assess why some goals were not met and therefore what actions might improve performance. As an example of our consistent effort, on the very first goal and indicator in which we did not meet a goal, pages 2-13, indicator 1.1.f., the first paragraph under "Results" gives a reason for missing the target and the following paragraph describes our planned efforts to improve results. This same approach is on the very next indicator on pages 2-14, indicator 1.1.13 and is repeated throughout the report.

See comment 5.

**Comment 3:** Regarding the middle paragraph on page 108 of the draft report, HUD requests that GAO consider: 1) the impacts of acceleration of the performance report issuance on an agency's ability to include an evaluation of the new fiscal year's performance plan relative to the performance attained in the just completed fiscal year, and 2) reasonable alternative actions to fulfill this requirement. At HUD, the issuance of the annual performance report was initially completed in six months or 180 days after the end of the fiscal year and this has been accelerated to 120 days last year, 80 days this year and will be in only 45 days next year. As a reasonable alternative, HUD generally considers prior year performance in conjunction with updating the annual performance plan for each upcoming year.

The intended point of the last paragraph on page 108 needs to be clarified for HUD and other users of this report. Whereas the previous paragraph contends that HUD's FY 2002 performance report did not include an evaluation of the FY 2003 performance plan relative to performance attained in FY 2002, the paragraph in question cites two examples where HUD's FY 2002 performance report reflects an adjustment of FY 2003 plans based on an assessment of prior year performance. If the examples are to be retained in the final report, HUD requests that they be put in proper context because the current wording incorrectly implies that HUD no longer has an interest in establishing and measuring goals for homeownership or housing quality. HUD did eliminate the two indicators in question because they were too broad and beyond the direct scope or influence of HUD's programs. However, the draft report fails to indicate that HUD's performance plans and reports retained other indicators that capture the direct impact of HUD programs on homeownership and housing quality.

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**Appendix X**  
**Comments from the Department of Housing**  
**and Urban Development**

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See comment 6.

**Comments 4:** On page 110, we disagree with the chart's depiction that 35 percent of HUD's performance targets were "undetermined" and that 15 percent had "no explanation." While it is true that detailed explanations of missed goals were not provided in the summary charts at the beginning of each strategic goal section, many of the missed targets had explanations in the individual indicator write-ups that followed the summaries. We request that GAO reassess the basis for the percentages and labels reflected in this chart to accurately reflect the content of HUD's performance report. We are concerned that GAO has not recognized the complexity in reporting whether indicator performance goals have been substantially met or missed. The estimate of 47 percent is of concern since HUD has not done that measurement and there can be very legitimate differences as to how to score indicators where "results are too complex to summarize" or data is unavailable. We are also concerned how you determined that 2 percent of data is "not reliable."

More specifically, on page 110, the footnote to Figure V.4 appears to mischaracterize the purpose of the footnotes in HUD's performance report cards. The footnotes are intended to briefly and transparently disclose attributes of the performance data in the report cards that could mislead a reader who does not read the full discussion of each performance indicator. In a number of instances, the explanations appear along with a statement of whether targets were missed. HUD requests that GAO revise the statement "Rather than stating if some performance targets were met or not, HUD provided the following explanations" to capture our efforts to better inform the reader.

In Figure V.4, it is unclear why HUD indicators are characterized as "undetermined," "no explanation," and "not reliable," as GAO has not defined these terms or their criteria. The preponderance of "undetermined" and "no explanation" designations is especially puzzling and suggests that GAO may have misinterpreted the performance report cards. HUD requests that GAO review these indicators for recategorization as "data not available" (as denoted by footnote "a" or "goal not achieved." No indicator should be classified as "undetermined" simply because HUD described it with a footnote. Agencies also appear to be treated inconsistently in the use of categories and the way indicators are assigned to categories. For example, a number of HUD indicators did not have a performance target for fiscal year 2002, usually because data sources were not scheduled to be available. These indicators were denoted by footnote "b" in HUD's performance report card. GAO characterized these indicators as "data not expected" for the Department of Education (Figure V.1), but has not used this category for HUD. HUD requests that GAO review all indicators with footnote "b" for recategorization as "data not expected."

**Comment 5:** On page 93, first paragraph, the first sentence seems to be confusing the annual performance "plan" with the annual performance "report," as it is unclear what the report could do to make the plan more credible.

**Comment 6:** On page 107, second paragraph, it appears that "fiscal" should be changed to "fiscal year."

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The following are our comments on HUD's letter dated January 9, 2004.

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## GAO Comments

HUD provided written comments and disagreed with several of our observations, which we address below. HUD also mentioned that all of the areas we suggested for further improvement were already in process or being considered. Where appropriate, we incorporated HUD's comments and perspectives to clarify our report.

1. HUD did not agree with our observation that the link between long-term and intermediate goals in its strategic plan is difficult to discern. The department mentioned that the need for a direct link between long-term and intermediate goals is not apparent, as they are aligned with strategic goals. GPRA requires that an agency's strategic plan contain, among other things, a description of the relationship between the long-term goals and objectives and the annual performance goals. In addition, OMB's June 2002 Circular A-11 states that the strategic plan should briefly outline how annual performance goals relate to the long-term, general goals, and how they help determine the achievement of the general goals. Federal agencies can help readers understand how they move from general goals to specific, measurable outcomes by discussing how they plan to measure progress in achieving the long-term goals in their strategic plan. For example, for its strategic goal of "Increase Homeownership Opportunities," HUD mentions that one of its long-term performance measures is to combat predatory lending. Readers can review the intermediate measures listed under that goal to get a sense of how HUD plans to accomplish this objective. For example, HUD mentions that beginning in the third quarter of fiscal year 2003, field offices will report all activities related to predatory lending to headquarters each quarter. However, not all long-term measures listed in the strategic plan have a corresponding intermediate performance measure.

2. HUD disagreed with our observation that it did not explain in its strategic plan how it used the results of program evaluations to update the current plan and did not include a schedule for future evaluations. As we have previously reported, program evaluations are individual, systematic studies that use objective measurement and analysis to answer specific questions about how well a program is working and, thus, may take many forms. Where a program aims to produce changes that result from program activities, outcome or effectiveness evaluations assess the extent to which those results were achieved. Where complex systems or events outside a program's control also influence its outcomes, impact evaluations use scientific research methods to establish the causal connection between outcomes and program activities and isolate the program's contribution to those changes. A program evaluation that also systematically examines how a program was implemented can provide important information about why a program did or did not succeed and suggest ways to improve it.<sup>1</sup> In its strategic plan, HUD provides a few examples of how it modified performance measures as a result of program evaluations. However, we found that 38 of the 41 performance measures discussed in the strategic plan did not mention how, if at all, HUD revised and/or updated them as the result of program evaluations. Elsewhere in the plan, HUD discussed program evaluation activities carried out by its Office of Policy Development and Research; however, a significant number of those evaluations will take place in the future and there is no fixed timetable for when HUD will issue reports on its findings.
3. HUD questioned an example we used to show that its strategic plan did not always provide a clear picture of how it will be able to measure progress toward its strategic goals. We chose this example because HUD used the number of jobs created or retained to measure its progress in achieving the results of the Community Development Block Grant (CDBG) program. As HUD discusses in its strategic plan, there are factors external to the CDBG program, such as broad macro-economic trends and HUD's limited control over how grant recipients use the funding, which can significantly affect job creation in a community. Therefore, it is difficult to establish the contribution of the CDBG program—apart from the other factors—to HUD's stated goal.

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<sup>1</sup>GAO/GGD-00-204.

4. HUD also disagreed with our observation that in its annual performance report it did not state the steps it would take to address unmet performance goals. We recognize that in some instances HUD mentioned how it would address unmet goals. GPRA requires that agencies explain and describe, where a performance goal has not been met, why the goal was not met, schedules for achieving the established performance goal, and whether or not the performance goal is impractical or unfeasible. However, our review of HUD's performance report found that of the 93 unmet performance targets for fiscal year 2002, 74 lacked an explanation of how HUD would address them in fiscal year 2003.
5. In commenting on our observation that HUD did not include an evaluation of its fiscal year 2003 performance plan relative to the performance attained by the department in fiscal year 2002, HUD mentioned that we should consider the impact of the acceleration of reporting deadlines on the department's ability to include an evaluation of the new fiscal year's performance plan relative to the performance attained in the just completed fiscal year and reasonable alternative actions to fulfill this requirement. While we acknowledge that changes in the reporting deadlines can create challenges for federal agencies, these deadlines are governmentwide and not specific to HUD. In our review of agency plans we found that some agencies, such as DOT, were able to collect performance information for 95 percent of their performance indicators and were able to predict future performance, despite not having complete performance information and facing the same deadlines. DOT provided an evaluation of whether or not fiscal year 2003 performance targets would be met for each of its 40 performance goals based on fiscal year 2002 results. These evaluations were included for the two performance goals for which data were unavailable. For example, for the measure "Number of employment sites (in the thousands) that are made accessible by Job Access and Reverse Commute (JARC) transportation services," DOT could not characterize performance since data had not yet been received from JARC grantees. The 2002 performance report stated that a new easier to use reporting system is being implemented that should improve data gathering performance. The report further stated that DOT would meet this target in fiscal year 2003.
6. HUD also disagreed with how we presented the performance information in its summary report cards (see fig. 22). HUD noted that many of the results were explained in the individual indicator write-ups

that followed the summary information. Our review of HUD's reports included, among other things, qualitative aspects of how the information was presented, such as its usefulness to inform the average reader with little to no exposure on the subject matter, and the extent to which it presented summarized performance information that was complete and user-friendly. Our analysis of HUD's performance information was largely based on a review of the information and terms used in the performance report cards. We characterized some of HUD's performance indicators as being "undetermined," given that HUD did not clearly indicate whether or not a goal was achieved. Instead, HUD provided footnotes, such as "results too complex to summarize." We also characterized some performance targets as having "no explanation," given that information was missing from the report card to determine whether HUD had reached its desired target. To develop the graphic summarizing HUD's performance information, we compiled the results of HUD's performance indicators across all five report cards contained in the report.

# Comments from the Social Security Administration

Note: GAO comments supplementing those in the report text appear at the end of this appendix.



## SOCIAL SECURITY

The Commissioner

January 16, 2004

Ms. Patricia A. Dalton  
Director, Strategic Issues  
U.S. General Accounting Office  
Room 2440C  
441 G Street, NW  
Washington, D.C. 20548

Dear Ms. Dalton:

Thank you for the opportunity to review and comment on the draft report "Review Results-Oriented Government: Government Performance Results Act (GPR) has Established a Solid Foundation for Achieving Greater Results" (GAO-04-38). Our comments on the report contents and suggestions are enclosed.

If you have any questions, please contact Candace Skurnik, Director, Audit Management and Liaison Staff at (410) 965-4636. Staff questions should be directed to Laura Bell at (410) 965-2636.

Sincerely,



o Anne B. Barnhart

Enclosure

SOCIAL SECURITY ADMINISTRATION BALTIMORE MD 21235-0001



**COMMENTS ON THE GENERAL ACCOUNTING OFFICE (GAO) DRAFT  
REPORT "REVIEW RESULTS-ORIENTED GOVERNMENT:  
GOVERNMENT PERFORMANCE RESULTS ACT (GPRA) HAS  
ESTABLISHED A SOLID FOUNDATION FOR ACHIEVING GREATER  
RESULTS" (GAO-04-38)**

Thank you for the opportunity to review and comment on the draft report. I am proud to see that the Social Security Administration (SSA) was once again the only Agency, out of the six reviewed, where GAO found that our Strategic Plan (SP) contained all required elements during both the 1997 and the 2002 review. The figure on page 28 clearly demonstrates our commitment and continued progress in our GPRA planning efforts.

It should be noted that our performance measures are more outcome oriented and that we have made, and are continuing to make, progress in integrating SSA's budget with performance. For example, we are able to align costs and workyears with overarching performance goals in our SP (e.g., eliminating backlogs) as part of the budget development process.

In summary, we agree for the most part with your conclusions and appreciate the suggestions for improvement. We will incorporate them where appropriate in our future planning efforts.

Regarding the specific references to our SP, Annual Performance Plan (APP), and Performance and Accountability Report (PAR) please see my comments below. In addition, I am providing some technical comments that should be included in the final report.

**Strategic Plan**

On page 47 the report suggests that we could further improve our SP through:

- 2) Explicitly describing the effect of external factors on goal attainment.

**Response**

We believe that the relationship between external factors and our goals, objectives and strategies are clear in most cases. Our SP clearly identifies four categories of environmental factors impacting our future operations: Demographics, Health and Disability Trends, Technological Advances and Workforce Trends. Each strategic goal includes an introduction and description of related issues that explains the interrelationship between these factors and our strategic priorities. For example, under Service we explain how changing demographics (page 15), health and disability trends, including the desire of disabled people to return to work (page 16), and improvements in technology (page 18), impact our service

See comment 1.

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delivery strategies. The impact of environmental factors is equally clear in the context of our Solvency and Staff goals. Our Stewardship goal, driven by the need for the effective management of Agency finances and assets, is the only goal not explicitly linked to environmental factors.

See comment 2.

- 3) Providing timetables or schedules for achieving results.

Response

Generally speaking, unless specified, we expect to achieve our long-term outcomes within the 5-year period covered by the SP. In some instances, shorter time frames are specified for key outcomes. More detailed plans and timetables for specific activities are featured in our APP.

See comment 3.

- 4) Providing details on how each performance and accountability challenge will be addressed.

Response

Presumably this is a reference to the Major Management Challenges (MMC) identified by the GAO and our Office of Inspector General (OIG). We are not aware of a specific requirement in the Office of Management and Budget's (OMB) A-11 instructions to address every one of these challenges in our long-term SP's. While our current SP does address some of the challenges that were identified at the time of its publication, because the MMC's are updated every year, we believe that they are more appropriately addressed in the context of our APP and our annual PAR. Therefore, we have made more of an effort to address the MMC beginning with our 2004 APP and our 2003 PAR.

See comment 4.

- 6) Discussing the manner in which SSA coordinated with other agencies, especially those that serve the same beneficiaries.

Response

While we agree that such a discussion would be useful, we note that it is not one of the OMB requirements for preparing a strategic plan. Our SP does discuss in several places our interaction with other Government agencies including our partnership with the State Disability Determination Services, and collaboration with the Department of Labor on Ticket to Work initiatives. Again, while we believe that this is not an OMB requirement for preparing a strategic plan, we will make a greater effort to provide details regarding such collaborations in future SP's.

**Annual Performance Plan**

This section highlights our improvement in identifying data sources and definitions for each performance measure but observes that there is no discussion of verification and validation procedures for data generated by these systems.

**Response**

We will continue to improve our verification and validation procedures and ensure that there is adequate documentation in the APP. Currently Appendix C (pages 69 to 70) of our APP outlines our validation efforts. We maintain internal controls on our data gathering systems and make significant efforts to validate those controls by use of a variety of audits, both internal and external. Most notably, PricewaterhouseCoopers (PwC) conducts an audit of our financial statements each year. This audit includes a very thorough review of the 15 or so key performance measures highlighted in our annual PAR. We also work closely with our OIG to validate the remaining performance measures through ongoing reviews.

**Annual Performance Report (Performance and Accountability Report-PAR)**

Page 118 states that missing data and a lack of documentation of the methods used to measure our performance reduced the overall quality of the document.

**Response**

As mentioned previously, in addition to our own internal controls, we work with PwC and our OIG to validate our data sources. Our annual PAR has received the Certificate of Excellence in Accountability Reporting for five consecutive years, in large part because of this collaboration. Beginning in FY 2003, we began placing greater emphasis on documenting the processes and validation methods used in our data gathering activities. We will do more to report on these efforts in future PAR's.

Also, on page 121 in the program evaluation section, GAO implies the need for us to report on how our evaluations have helped answer questions about program performance and results as opposed to merely describing the surveys we conduct with those who do business with us or based on our internal needs assessment surveys.

**Response**

We disagree with this assessment. Many of the evaluations directed at our efforts to deliver high quality, citizen-centered service rely on these surveys. This assessment seems to minimize the importance of these surveys; however, we feel that they are an extremely important part of our service delivery efforts. Furthermore, the program evaluation section of our report lists about a dozen

See comment 5.

other evaluations that are of great importance to our ongoing operations. For example, our continuing disability and redetermination reviews reduce program outlays by billions of dollars every year. In the future, we will make more of an effort to explain how these and other evaluations help improve program performance.

**Technical Comments**

References on pages 13 and 83 state that we did not structure our performance and strategic plans by program activity or account. The references on page 83 then go on to say that "SSA noted that it aligned its strategic goals, performance measures, and budget with its major functional responsibilities rather than by program accounts since direct service and support employees provide services linked to these functional responsibilities, as opposed to a specific program. However, SSA does not indicate what it means by 'functional responsibilities,' nor does it show a clear linkage between its strategic goals and such responsibilities." We believe that we do attempt to describe our functional responsibilities in Parts I and II of our FY 2004 APP. We will take under advisement GAO's concern and consider including clearer descriptions in future APPs.

On page 21 we believe that footnote 10 should be included as part of the narrative in the first paragraph and that the sentence be modified as follows: "According to the Inspector General, SSA began to implement an improved cost accounting system in FY 2002, which was to be phased in over the next 3 to 4 years." The current language makes it appear that we did not have a cost accounting system prior to 2002.

Now on pp. 65 and 215.

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The following are our comments on SSA's letter dated January 16, 2004.

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## GAO Comments

In general, SSA agreed with our conclusions. SSA also agreed to incorporate the suggestions for improvement in its future planning efforts. SSA made several points of clarification and disagreed with our assessment in one area.

1. In our draft report, we noted that SSA did not explicitly link external factors that may affect its programs to its general goals and state how these factors could affect goal attainment. SSA attests that its four categories of environmental factors are discussed under each of the strategic goals, as appropriate, and the relationship between these factors and SSA's strategic priorities is described. This general discussion of the environmental factors is useful in understanding the challenges SSA faces in working toward its broad strategic goals. However, SSA provides little or no discussion of these challenges in its discussion of the agency's performance goals. Thus, the range of challenges facing the agency in meeting each of its performance goals is not fully explained.
2. In our draft report, we noted that SSA does not provide timetables or schedules for achieving all the results in its strategic plan. SSA noted that it expects to achieve its long-term outcomes within the 5-year period covered by the strategic plan; in selected instances, shorter time frames are specified. SSA noted that more detailed plans and timetables are featured in its annual performance plan. GPRA requires agencies to furnish a schedule of significant actions in their strategic plans; however, SSA does not clearly articulate its timetables and schedules for achieving each of its long-term outcomes in its strategic plan.
3. We noted that SSA's strategic plan could be improved by providing details on how each performance and accountability challenge will be addressed. SSA asserted that the strategic plan addresses some of the challenges, but because the challenges are updated every year, they are more appropriately addressed in the annual performance plan and performance and accountability report. As noted in our discussion of the criteria used to analyze agencies' strategic plans, it is particularly important that agencies develop strategies that address management challenges that threaten their ability to meet long-term strategic goals,

as one of the purposes of GPRA is to improve the management of federal agencies.

4. In our draft report, we observed that SSA's discussion of its interactions with other agencies, especially those that serve the same beneficiaries, was limited. SSA noted that such a discussion would be useful, but is not an OMB requirement. While we agree that this is not an OMB requirement, we have reported that given scarce resources and competing priorities, it would be useful to identify agency efforts to maximize its effect through cooperation and coordination across the federal government. Better strategic plans not only identify the need to coordinate with other agencies, but also discuss how agencies intend to coordinate common or complementary goals and strategies with other agencies.
5. With regard to SSA's performance and accountability report, we noted that SSA did not clearly state how program evaluations were used to answer questions about program performance and results and how those results can be improved. SSA disagreed with our observation, stating that many of its evaluations rely on surveys, and these surveys form the basis for its efforts to deliver high-quality service. SSA also noted that it listed other evaluations that are of great importance to its ongoing operations. We do not discount the usefulness of SSA's surveys in assessing its day-to-day management of programs. Rather, as we noted in the report, it would be helpful for SSA to clearly identify the range of evaluations conducted and how each of them contributed to improved program performance. For example, we recently recommended that SSA evaluate a new initiative to improve the integrity of Social Security number issuance to noncitizens; the description of such an evaluation would be helpful for SSA to determine how it can be best positioned to ensure the integrity of its enumeration process.<sup>1</sup> Additionally, our September 2000 report on program evaluation states that GPRA recognizes the complementary nature of program evaluation and performance measurement. Strategic plans are to describe the program evaluations that were used in establishing and revising goals and to include a schedule for future

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<sup>1</sup>U.S. General Accounting Office, *Social Security Administration: Actions Taken to Strengthen Procedures for Issuing Social Security Numbers to Noncitizens, but Some Weaknesses Remain*, [GAO-04-12](#) (Washington, D.C.: Oct. 15, 2003).

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**Appendix XI  
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program evaluations. Agencies are to summarize the findings of program evaluations in their annual performance reports.

Additionally, SSA made technical comments that we incorporated into the report, as appropriate.

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# GAO Contact and Staff Acknowledgments

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## GAO Contact

Patricia Dalton, (202) 512-6806

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## Acknowledgments

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# Related GAO Products

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## GPRA/Managing for Results

*Results-Oriented Government: Using GPRA to Address 21st Century Challenges*, [GAO-03-1166T](#) (Washington, D.C.: Sept. 18, 2003).

*Results-Oriented Management: Agency Crosscutting Actions and Plans in Border Control, Flood Mitigation and Insurance, Wetlands, and Wildland Fire Management*, [GAO-03-321](#) (Washington, D.C.: Dec. 20, 2002).

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*Managing for Results: Next Steps to Improve the Federal Government's Management and Performance*, [GAO-02-439T](#) (Washington, D.C.: Feb. 15, 2002).

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*The Results Act: An Evaluator's Guide to Assessing Agency Annual Performance Plans*. [GAO/GGD-10.1.20](#) (Washington, D.C.: April 1998).

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*Managing for Results: Critical Issues for Improving Federal Agencies' Strategic Plans*, [GAO/GGD-97-180](#) (Washington, D.C.: Sept. 16, 1997).

*Managing for Results: Using the Results Act to Address Mission Fragmentation and Program Overlap*, [GAO/AIMD-97-146](#) (Washington, D.C.: Aug. 29, 1997).

*Managing for Results: The Statutory Framework for Improving Federal Management and Effectiveness*, [GAO/T-GGD/AIMD-97-144](#) (Washington, D.C.: June 24, 1997).

*The Government Performance and Results Act: 1997 Governmentwide Implementation Will Be Uneven*, [GAO/GGD-97-109](#) (Washington, D.C.: June 2, 1997).

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*Managing for Results: Efforts to Strengthen the Link Between Resources and Results at the Nuclear Regulatory Commission*, [GAO-03-258](#) (Washington, D.C.: Dec. 10, 2002).

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**Related GAO Products**

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*Managing for Results: Achieving GPRA's Objectives Requires Strong Congressional Role*, [GAO/T-GGD-96-79](#) (Washington, D.C.: Mar. 6, 1996).

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Postage & Fees Paid  
GAO  
Permit No. GI00**

