Memorandum

Date SEP 19 1994

From June Gibbs Brown
Inspector General

Subject Review of Public Health Service Systems for Assuring that Programs Are Necessary, Productive and Nonduplicative (A-01-93-01514)

To Philip R. Lee, M.D.
Assistant Secretary for Health

The attached final report presents the results of the subject review. The objective of this review was to determine the adequacy of Public Health Service (PHS) systems for assuring that programs are necessary, productive and nonduplicative. In general, PHS systems form a foundation which, with some reorganization and redirection, could satisfy current and future requirements for assuring the Secretary, the Office of Management and Budget, the Congress, and the American public that PHS programs are necessary, productive and nonduplicative. In this respect, PHS agencies could: (1) focus more evaluations on programs rather than processes and individual projects; (2) improve program evaluations so they can better measure program performance; and (3) integrate evaluations into the PHS program planning, legislative planning, and budget systems.

As explained by agency officials, some of the reasons for not focusing the evaluations on program performance or integrating evaluations into the planning and budget systems include: (1) difficulty in developing program goals and performance based indicators for many PHS programs; (2) the belief that process and project evaluations are easier, can be less costly, and are more timely; (3) reservations on how to conduct and integrate program performance evaluations into the planning and budget systems; and (4) concern about how the raw results of such evaluations might be interpreted and used by various program constituents. The PHS agreed with our recommendations in its comments to our draft audit report.

Please provide us with the status of any further action taken or contemplated on our recommendations, within the next 60 days. If you or your staff wish to discuss the issues raised by our report, please call me or have your staff contact Michael R. Hill, Assistant Inspector General for Public Health Service Audits, at (301) 443-3582. To facilitate identification, please refer to Common Identification Number A-01-93-01514 in all correspondence relating to this report.

Attachment

Department of Health and Human Services

OFFICE OF INSPECTOR GENERAL

REVIEW OF PUBLIC HEALTH SERVICE SYSTEMS FOR ASSURING THAT PROGRAMS ARE NECESSARY, PRODUCTIVE AND NONDUPLICATIVE

JUNE GIBBS BROWN
Inspector General

SEPTEMBER 1994
A-01-93-01514

EXECUTIVE SUMMARY

The objective of this review was to determine the adequacy of Public Health Service (PHS) systems for assuring that programs are necessary, productive and nonduplicative. In general, we found that PHS systems form a foundation which, with some reorganization and redirection, could satisfy current and future requirements for assuring the Secretary, the Office of Management and Budget (OMB), the Congress, and the American public that PHS programs are necessary, productive and nonduplicative. In this respect, PHS agencies could focus more evaluations on programs rather than processes and individual projects, improve program evaluations so they can better measure program performance, and integrate evaluations into the PHS program planning, legislative planning, and budget systems.

The Administration and the Congress, as evidenced by passage of the Government Performance and Results Act of 1993 (GPRA) and formation of the National Performance Review (NPR), have underscored the need for managers and decision-makers to know how well Government is working. They have emphasized the need to know results measured against clear program goals in order to make informed decisions regarding the allocation of scarce national resources. In August 1993, GPRA mandated annual performance plans and reports, including the establishment of program goals and measurement of program performance against these goals, for every Federal program by the end of Fiscal Year (FY) 1997. The NPR, in its September 7, 1993 report to the President, encourages early implementation of the GPRA.

Along these lines, PHS, as early as 1990, issued guidance through the Assistant Secretary for Health requiring that PHS agencies perform program evaluations which identify program outcomes. These program outcomes can then be used for justification of program continuation or changes to budget, legislation, regulation, administration, or policy. The guidance also indicated that PHS agency officials should integrate the various PHS planning systems. These include program, legislative, and evaluation planning; all of which culminate in the PHS budget.

The PHS performs numerous evaluations of its programs and activities each year. We found that while these evaluations provide useful information, they do not necessarily measure program results. Of the 444 evaluations PHS agencies furnished us for FYs 1990 to 1993, we found that only 37 addressed program issues as opposed to processes and individual projects. While PHS had 223 programs in place during 1993, over 180 programs had no program level evaluation from 1990 to 1993. The 37 evaluations which addressed program issues did provide management with insights on aspects of programs, such as number of clients served or discussions of strengths, weaknesses, or needs. However, they did not measure overall program success in line with program goals, information most needed by policy-makers.

Further, we found no evidence to conclude how well PHS agencies integrated current evaluations into the program planning, legislative planning, and budget systems. Although several PHS agency officials told us in general terms that they had used evaluations, they did not provide us with any examples showing how they and management used evaluation results in their decision making processes.

As explained by agency officials, some of the reasons for not focusing evaluations on program performance or integrating evaluations into the planning and budget systems include: (1) difficulty in developing program goals and performance-based indicators for many PHS programs; (2) the belief that process and project evaluations are easier, can be less costly, and are more timely; (3) reservations on how to conduct and integrate program performance evaluations into the planning and budget systems; and (4) concern about how the raw results of such evaluations might be interpreted and used by various program constituents.

We believe that current PHS systems, with some reorganization and redirection, can better produce information needed to measure performance. In this respect, PHS agencies could focus more evaluations on programs rather than processes and individual projects, improve program evaluations so they can better measure program performance, and integrate evaluations into the PHS program planning, legislative planning, and budget systems.

Along these lines, we are recommending that PHS: (1) create annual performance plans and reports which include program goals and the measurement of program performance against these goals to meet the mandate of the GPRA; (2) increase the number of evaluations which meet the Assistant Secretary for Health's guidance issued in 1990 by establishing objective, measurable criteria for evaluating program necessity, productivity, and duplication in accordance with program objectives; and (3) develop procedures and training to ensure that program performance evaluations are integrated into the program planning, legislative planning, and budget systems in accordance with the Assistant Secretary for Health's 1990 guidance. The PHS agreed with these recommendations in its comments to our draft audit report (See APPENDIX).

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INTRODUCTION

BACKGROUND

The PHS, under the leadership and direction of the Assistant Secretary for Health, administers programs and activities authorized by the PHS Act and 19 other Acts to support the development of health resources and the prevention and control of diseases, including substance abuse and mental illness. In general, PHS' mission is to promote the protection and advancement of the Nation's physical and mental health.

The PHS consists of nine separate agencies and offices, including the: Office of the Assistant Secretary for Health (OASH); Health Resources and Services Administration (HRSA); Substance Abuse and Mental Health Services Administration (SAMHSA); Indian Health Service (IHS); Centers for Disease Control and Prevention (CDC); Food and Drug Administration (FDA); Agency for Toxic Substances and Disease Registry (ATSDR); National Institutes of Health (NIH); and Agency for Health Care Policy and Research (AHCPR). (See EXHIBIT for mission statements.)

The PHS budget for FY 1993 was approximately $20 billion. Of this amount, over $14 billion represents funding for extramural programs while the remainder represents funding for intramural programs and administrative costs of PHS and its agencies[1]. The $20 billion PHS budget represents 3 percent of the total Department of Health and Human Services (HHS) budget. However, approximately 98 percent of PHS' budget falls into the discretionary spending category (outlays that are controlled directly by appropriations) which, in turn, represents 64 percent of HHS' total discretionary budget.

The 1993 Catalog of Federal Domestic Assistance (CFDA) listed 297 extramural programs administered by HHS. The PHS administers 75 percent, or 223, of these programs. Many of the PHS programs are small, 100 programs cost less than $10 million annually, of which 27 are less than $1 million annually. The number of PHS extramural programs and FY 1993 obligations are shown in the following chart.

PHS AGENCY	# OF PROGRAMS	CFDA OBLIGATIONS
OASH	11	$ 180,829,000
HRSA	78	2,657,344,934
SAMHSA	23	2,013,458,152
IHS	10	44,918,636
CDC	30	1,654,934,816
FDA	2	13,597,000
ATSDR	1	60,036,000
NIH	65	7,446,558,300
AHCPR	3	70,047,600
TOTALS	223	$ 14,141,724,438

[1] Extramural programs are conducted for PHS by such groups as state/local governments, nonprofit institutions, and individuals. Intramural programs are conducted by PHS.

Historically, most governmental programs have been budgeted according to past funding levels. Recent changes in budget formulation are setting the stage for program performance data to be used as inputs to making informed budget decisions. In this connection, in response to public perception that the institutions of American Government are not working well, the Congress passed and the President signed the GPRA. Passage of the GPRA requires the accumulation of program performance data, the setting of program goals, and the measurement of program performance against these goals. A Chairman of the Congressional Oversight Panel of the National Academy of Public Administration testified that "*Clear and explicit performance goals are essential for executive branch programs and would enable agencies to provide a better match between these goals and the resources available to carry them out.*" Further, a resolution adopted by the American Society for Public Administration stated that "*...there is great potential to improve performance, accountability, and responsiveness by implementing systematic performance measurement, monitoring, and reporting, and by integrating performance information into regular policy and management processes.*" The Vice President's NPR strongly supports the GPRA and encourages agencies to start integrating performance measurement into their current operations.

One mechanism HHS has been using to measure the performance of its programs is by conducting program evaluations. Departmental oversight for evaluations is the responsibility of the Office of the Assistant Secretary for Planning and Evaluation (OASPE), while oversight responsibility for PHS evaluations lies within the Office of Health Planning and Evaluation (OHPE), part of OASH. Oversight involves: (1) issuing annual guidance to PHS agencies on evaluation priorities and the process of planning evaluation projects; (2) explaining the appropriate uses of the 1 percent set-aside evaluation funds; and (3) analyzing evaluation proposals to look for a broad approach to evaluation, including attention to issues related to program management, refinement of objectives and approaches, and program outcomes. The OASPE and OHPE also provide staff to participate as representatives on agencies' evaluation committees. While OASPE and OHPE provide oversight, PHS agencies are responsible for proposing evaluations and conducting evaluations primarily through outside contractors.

Until FY 1991, both OASPE and OHPE reviewed all proposals for projects to be funded with evaluation set-aside funds. From FY 1991 through FY 1993, OHPE delegated authority for approving these projects to the individual PHS agencies in order to minimize lengthy reviews of each evaluation project (currently, all PHS agencies with the exception of FDA have received this delegated authority).

Each agency's central evaluation office receives evaluation proposals from program staff. The proposals undergo two sets of reviews by a committee or committees at each agency. One review is for the evaluation's technical merit while the other is for policy relevance.

If both reviews result in the proposal being recommended for approval and the agency administrator agrees, the process of awarding a contract begins.

SCOPE

We conducted our review in accordance with generally accepted government auditing standards. The objective of our review was to determine the adequacy of PHS systems for assuring that programs are necessary, productive and nonduplicative.

As part of our examination, we obtained an understanding of PHS' internal control structure to the extent we considered necessary to evaluate the structure as required by government auditing standards. For purposes of this review, we obtained an understanding of PHS' systems in place for assuring that programs are necessary, productive and nonduplicative. These include PHS' program planning, legislative planning, evaluation planning, and budget systems.

To accomplish our objective, we discussed our review with officials from OASH (including the Audit Liaison Office, Internal Control Branch, Budget Branch, Resource Management Branch, and OHPE), OASPE, Office of the Assistant Secretary for Management and Budget (OASMB), OMB, and the General Accounting Office (GAO). In addition, we obtained and reviewed:

- pertinent laws, regulations, and related background pertaining to evaluations including a GAO report (GAO/PEMD-93-13);

- agency organization charts and mission statements, programs which PHS submitted for listing in the CFDA, programs zero-budgeted or level-funded, and programs recommended for termination or consolidation;

- pertinent data regarding agencies planning and budget systems for SAMHSA, HRSA, IHS, NIH, AHCPR, FDA, CDC, ATSDR, and OASH;

- evaluation descriptions and abstracts of evaluations completed during FYs 1990 through 1993 and in process at the time of our field work to determine whether evaluations focused on programs or processes and individual projects and whether agencies used objective, measurable criteria to evaluate if the program was necessary, productive or nonduplicative; and

- planning and evaluation guidance issued by OASPE and OASH; and budget guidance issued by OMB, OASMB, and OASH.

We conducted our field work at PHS' offices in Rockville, and Bethesda, Maryland, the PHS, HHS, OMB, and GAO offices in Washington, D.C., and the Office of Inspector General (OIG) regional office in Boston, Massachusetts, between August and December 1993. We discussed our preliminary results with officials from the OASH Resource Management Branch and OHPE, SAMHSA, HRSA, and IHS. Further, we held a pre-exit conference with PHS officials on February 7, 1994, to discuss our preliminary draft audit report.

We issued a draft audit report to PHS on May 17, 1994. The PHS' relevant comments are summarized in the PHS Comments and OIG Response section and are appended in their entirety to this report.

FINDINGS AND RECOMMENDATIONS

While PHS evaluations generally provided useful information, we found that these evaluations focused primarily on processes and projects. For those evaluations which addressed program issues, we found that they did not measure overall program success in line with program goals. Further, we found that PHS agencies have not yet integrated their evaluations into the planning and budget systems. Accordingly, PHS is not yet providing the best possible information for making fully informed spending decisions. Agency officials explained that roadblocks to effectively evaluating programs and integrating evaluations include the difficulty in developing program goals and performance indicators for PHS programs and PHS managers' concerns regarding the potential for some to misread evaluation data. Yet, we believe that PHS' systems form a foundation which, with some reorganization and redirection, can satisfy requirements for assuring the Secretary, OMB, the Congress, and the American public that PHS' programs are necessary, productive and nonduplicative.

PROGRAM EVALUATIONS REQUIRED BY LAW AND PHS GUIDELINES

The Congress expressed concerns about obtaining information on the success of PHS programs as long ago as 1970 when it amended the PHS Act to provide funds so PHS could evaluate its programs. Section 241 of the PHS Act provides that up to 1 percent of the appropriations for the PHS Act shall be available for evaluation of any program authorized by the PHS Act. (On April 8, 1993, GAO reported on the use of PHS' evaluation set-aside funds and the efficacy for informing the Congress[2].) The Congress passed this legislation because it felt that if it were to make judicious decisions in regard to the future direction of health programs, it must learn which programs are successful, which are not, and why. The PHS and its agencies refer to these funds as set-aside funds. In addition to set-aside funds, PHS agencies use program-appropriated funds to evaluate programs.

Recent congressional testimony documented the fact that waste and inefficiency in Federal programs undermines public confidence and reduces the Government's ability to address vital public needs. In addition, the Congress found that Federal managers cannot improve program efficiency and effectiveness because of insufficient articulation of program goals and inadequate information on program performance. As a result, the Congress passed and the President signed the GPRA. This Act requires annual

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[2] The GAO review focused on whether available set-aside funds were used on evaluations and how results were communicated to the Congress. Our review of PHS systems for assuring that programs are necessary, productive, and nonduplicative focused on whether PHS evaluations addressed program outcomes and goals and whether PHS had integrated its evaluation planning, program planning, legislative planning, and budget systems.

performance plans and reports, including setting program goals and measuring program performance against these goals, for every program by the end of FY 1997. Lacking this information, the Congress is handicapped in making spending decisions and performing program oversight.

As early as 1990, the Assistant Secretary for Health recognized the need for performance information and issued a memorandum to PHS agency heads and office directors transmitting PHS planning guidance for FY 1993. The Assistant Secretary for Health said:

> *"This Guidance describes a new approach to integrating elements of PHS policy development through PHS Planning, including Program Planning, Legislative Planning, and Evaluation Planning. The purpose for this improved integration is to make the best use of policy development to design our courses for the future (Program and Legislative Planning), help us navigate that course, with mid-course corrections as necessary (Evaluation), and then know when we have arrived at our destinations (Evaluation). In addition, it is to ensure that precursor policy development activities are funneled appropriately into Budgeting for FY 1993 and the outyears."*

Further, the Assistant Secretary for Health requested that agencies determine which programs require performance information for justification of program continuation or change and develop an evaluation strategy statement for each program or group of programs for which program performance/evaluation information is to be sought.

Through legislation and the NPR, the Administration and the Congress have underscored the need to know results measured against clear program goals in order to make informed decisions regarding the allocation of scarce national resources. Along these lines, PHS issued its guidance as early as 1990 providing that PHS agencies should perform program evaluations which identify program outcomes to be used for program justifications. When PHS agencies fully implement these guidelines, PHS should be on track to meet the requests of the Congress in making informed budget decisions by providing the evaluation and program performance information needed.

EVALUATION FOCUS AND MEASUREMENT OF PROGRAM SUCCESS

We found that most PHS evaluations provide useful information and some address various aspects of productivity, but they do not necessarily focus on programs or measure program success against program objectives. As such, PHS agencies have not accomplished the intent of the Assistant Secretary for Health's 1990 guidance which emphasized the importance of results-oriented program evaluations. As explained by agency officials, this is primarily due to the difficulty in developing program goals and

performance-based indicators for many PHS programs. With some reorganization and redirection, we believe that PHS should be on course to meet current and future requirements to provide assurances that programs are necessary, productive and nonduplicative.

We asked each agency for evaluation descriptions and extracts of evaluations completed during FYs 1990 through 1993 and those in process as of our field work. We determined that 37 of the 444 evaluations furnished, focused on program issues by providing management with insights on aspects of programs. They did not, however, measure overall program success in line with program goals. We determined that the remaining 407 evaluations focused on processes and individual projects or other endeavors undertaken by agencies, such as data collection activities. As such, over 180 of the programs which PHS submitted for listing in the CFDA had no program level evaluation from 1990 to 1993. The following chart shows the results of our review of the evaluations provided by PHS agencies:

OFFICE OF INSPECTOR GENERAL REVIEW OF PHS EVALUATIONS

PHS AGENCY	EVALUATIONS REVIEWED (1)	ADDRESSED PROGRAM ISSUES	ADDRESSED PROCESSES AND PROJECTS
OASH	8	3	5
HRSA	88	7	81
SAMHSA	19	4	15
IHS	131	2	129
CDC	69	3	66
FDA (2)	0	0	0
ATSDR	3	1	2
NIH	114	14	100
AHCPR	12	3	9
TOTALS	444	37	407

(1) We reviewed evaluation descriptions and abstracts of evaluations.

(2) The FDA did not provide us with any evaluations conducted during FYs 1990 through 1993. The FDA stated that due to the deterrent nature of their programs, evaluations focus on cost-savings from program efficiency and management, not program performance.

EVALUATION FOCUS

We found that 407 of the 444 evaluation descriptions and abstracts of evaluations provided by PHS agencies did not focus on program issues. Rather, the 407 evaluations included such things as: (1) evaluation designs, such as one evaluation which focused on the design, development, pretest, and implementation of a longitudinal follow-up study; (2) reviews of systems in place, such as an evaluation comparing two methods for reviewing applications submitted; (3) miscellaneous case studies, such as an evaluation assessing various activities relating to a brochure distributed; (4) data collection enabling staff to review grant applications and make award decisions; and (5) miscellaneous surveys, such as an evaluation which analyzed the customer base of a newsletter. We believe, however, that process and individual project evaluations could be used as input into effective program evaluations with enhanced upfront planning. For example, if 5 or 10 process and project evaluations relate to the same issue, PHS agencies could plan and design an overall evaluation to utilize these results to measure program success.

MEASUREMENT OF PROGRAM SUCCESS

We found that 37 of the 444 evaluation descriptions and abstracts of evaluations provided by PHS agencies focused on program issues by providing management with insights on aspects of programs, such as the number of clients served or discussions of possible program improvements. Our review, however, showed that these 37 evaluations did not measure overall program success in line with program goals, information most needed by policy-makers. We believe that most evaluations could have been improved to measure program success, necessity, and productivity, if they had been designed to address program results, such as how the quality of services provided contributed to intended program objectives and how, having provided the services, the intended program objectives were achieved. Following are examples of evaluation summaries of three program evaluations, one of which is still in process.

1) *Evaluation of Advanced Education* - The purpose of this evaluation was to describe and assess the (a) contribution of Federal grant support to the growth of post-graduate programs, (b) effect of the training on specialization, and (c) problems and issues in establishing, conducting, and maintaining programs. The report concluded that advanced education programs have significantly increased the numbers and enhanced the knowledge and skills of graduates to treat a broad spectrum of patients.

2) *Evaluation of the HHS Access to Community Care and Supportive Services Initiative* - This recently started evaluation is designed to test whether the integration of services at the community level results in better access to services as well as improved outcomes for homeless individuals with severe

mental illness. Interim evaluation findings will not be available for some time as the grants were not awarded until late September 1993.

3) *An Alcoholism/Substance Abuse Prevention Initiative* - The overall purposes of this review were to define the scope of alcohol treatment and prevention efforts at all levels, identify existing program strengths, identify unique approaches that ought to be considered for broader application, identify deficiencies and steps to remedy the deficiencies, and make recommendations for the mission and future direction of the program agency and the alcoholism program efforts. The recommendations include focusing on the management of scarce resources, focusing on prevention, improving training for program agency professionals and staff to incorporate a clear understanding of alcoholism as a disease, and to heighten cultural awareness.

While these evaluations address some aspects of productivity, our review of evaluation descriptions and abstracts found that they do not address necessity or potential duplication of the program, need for program changes, or how the program outcomes satisfy program objectives. Thus, we believe that PHS agencies have not yet fulfilled the intent of the 1990 guidance issued by the Assistant Secretary for Health. In this respect, evaluations have yet to provide the results-oriented data necessary to help PHS (1) navigate its course, (2) make mid-course corrections, and (3) know when they have arrived at their destination. The PHS could improve the usefulness of these evaluations to policy-makers, such as the Administration and the Congress, by assuring that the evaluations are designed to measure overall program success in line with program goals, address program results which show how the services provided contributed to the intended program objectives, and how, having provided the services, the intended program objectives were achieved.

With some redirection, PHS agencies can effectively utilize existing systems to comply with the GPRA which requires agencies to prepare an annual performance plan covering each program activity set forth in their budget. The GPRA requires such plans to: (1) establish performance goals to define the level of performance to be achieved by a program activity; (2) express such goals in objective, quantifiable, and measurable form; (3) briefly describe the operational processes, skills and technology, and the human, capital, information, or other resources required to meet the performance goals; (4) establish performance indicators to be used in measuring or assessing the relevant outputs, service levels, and outcomes of each program activity; (5) provide a basis for comparing actual program results with the established performance goals; and (6) describe the means to be used to verify and validate measured values.

INTEGRATION OF EVALUATIONS

The Congress, in Senate Report Number 103-58, recognized that historically, budgets submitted by Departments have been rather imprecise policy-making documents which were rarely effective management tools. The PHS, by issuing policy guidance, has acknowledged the importance of creating an environment where good performance data is expected and fully integrated into the budget process. The PHS agencies, however, have not yet achieved the integration necessary to provide, through the budget process, results-oriented data for policy-makers to make fully informed spending decisions. This is evident by OMB's and OASMB's concerns transmitted to agencies about budgets which provide descriptions on how agencies plan to spend money, as opposed to budgets that provide narrative justifications for each program.

The Assistant Secretary for Health's 1990 guidance described a new approach to integrating elements of PHS policy development through PHS planning, including program, legislative, and evaluation planning. The Assistant Secretary for Health indicated that evaluations should provide the information to determine whether a program is proceeding successfully, needs mid-course corrections, or has arrived at its destination. In addition, the program and legislative planning systems also contribute input as to program success. Program planning documents may discuss whether to continue, change, combine, or discontinue programs, while legislative planning may include improvements needed as a result of evaluations or law suits, reauthorization, internal PHS legislative needs, external legislative needs, or regulatory changes. The purpose for this improved integration of the PHS planning system is to ensure that precursor policy development activities are funneled appropriately into the budgeting system.

We requested from appropriate officials, at the nine PHS agencies, documentation on how evaluation results are used in the budget process. We also requested lists of programs for which agencies attempted to discontinue or reduce funding, along with justifications for such reductions. Three agencies provided us with lists of programs and activities which they attempted to terminate (justification for terminations were not based on PHS evaluations) and several agency officials told us in general terms they had used evaluations in the budget process. However, no PHS official provided documentation on how management and oversight officials used evaluation results in making budget decisions.

In 1992, OMB expressed concerns that, as a rule, agencies provide them with descriptions on how they will spend money as opposed to providing narrative justifications for each program. During our review, we held discussions with OASMB officials who expressed these same concerns. Both OMB and OASMB stated that budget increases and decreases should be based on research, reports, and evaluations such as the OIG, GAO, and internal or external contractor evaluations. The PHS, in a June 10, 1993 memo to

PHS agency financial management officers, recognized this need and emphasized the importance of developing effective budget narrative justifications which describe the problem/opportunity to be addressed and the specific benefits to be achieved.

During our discussions regarding the integration of evaluations into the planning and budget systems, officials from several agencies provided us with their perceptions. In this respect, officials from three agencies advised us that program managers perceive the budget process to be one of their best confirmations that they are succeeding in accomplishing what they intended to accomplish. For example, if their budget is increased or not reduced, these managers believe that the program's success is substantiated. Further, agency officials believe that on occasion unnecessary or unproductive programs live on because of influences beyond their control. In support of this, officials from three agencies cited programs they, or others, had tried to discontinue only to have them resurrected by the Administration or the Congress. Officials from one PHS agency cited political influences outside of their agency, such as beneficiary constituencies, as being the stimulus for continuing unnecessary or unproductive programs. Finally, officials from three agencies cited problems with the PHS budget process. They felt that part of the problem lies with the time frame of their budgets, as opposed to the time frame for conducting quality evaluations.

The above paragraph discusses several roadblocks to meaningfully integrating program performance evaluations into the budget process. We believe that, with the current emphasis by the Administration, the Congress, and HHS management on the need for adequate program performance information, program managers have a unique opportunity to overcome these obstacles. In this respect, quality analysis provided by program managers should result in decisions that enhance the attention and support of deserving programs. By articulating and communicating results-oriented program outcomes through the budget process, there is potential for this process to result in better decisions.

We spoke to PHS officials about the need to focus more evaluations on programs and to integrate the results into the program planning, legislative planning, and budget systems. In general, agency officials agreed with our assessment and explained that some of the reasons for not focusing the evaluations on program performance or integrating evaluations into the planning and budget processes include: (1) difficulty in developing program goals and performance-based indicators for many PHS programs; (2) the belief that process and project evaluations are easier, can be less costly, and are more timely; (3) reservations on how to conduct and integrate program performance evaluations into the planning and budget systems; and (4) concern about how the raw results of such evaluations might be interpreted and used by various program constituents.

We held a pre-exit conference with PHS officials on February 7, 1994 to discuss our preliminary draft audit report. These officials concurred with the findings and recommendations presented in this report.

CONCLUSIONS

The PHS operates in a highly complex and diverse environment consisting of nine separate and distinct agencies and offices and a budget which consists almost entirely of discretionary spending. This environment necessitates an effective evaluation system to inform decision-makers of the best possible solutions to the Nation's health problems. The Administration, the Congress, and HHS management have underscored the need for results-oriented program evaluations with performance based indicators measuring outcomes to make informed budget decisions for allocating scarce national resources.

The PHS is not yet providing the best possible information for making fully informed spending decisions. To improve the quality of departmental decision-making and resultant congressional spending decisions, the PHS can: (1) focus more evaluations on programs rather than processes and individual projects; (2) improve program evaluations so they can better measure program performance; and (3) integrate evaluations into the PHS program planning, legislative planning, and budget systems.

To accomplish this, PHS must not only provide the necessary guidance but also assist and train its managers who are empowered in this endeavor to acquire the necessary tools so that they can develop the capability to perform and achieve the desired results. The PHS agencies which are concerned about the cost and timeliness of evaluation data could also consider the possibility of requesting assistance from OIG.

The PHS should continue to more fully develop its evaluation system and use it to integrate fully its planning and budgeting systems. When PHS systems measure program success, managers will control the direction of their programs by offering meaningful and timely information on program outcomes to HHS management and to executive, legislative, and oversight agencies.

RECOMMENDATIONS

We recommend that PHS:

(1) create annual performance plans and reports which include program goals and the measurement of program performance against these goals to meet the mandate of the GPRA;

(2) increase the number of evaluations which meet the Assistant Secretary for Health's guidance issued in 1990 by establishing objective, measurable criteria for evaluating program necessity, productivity, and duplication in accordance with program objectives; and

(3) develop procedures and training to ensure that program performance evaluations are integrated into the program planning, legislative planning, and budget systems in accordance with the Assistant Secretary for Health's 1990 guidance.

PHS COMMENTS AND OIG RESPONSE

The PHS, in its response to our draft report, agreed with these recommendations and provided proposed corrective actions for each recommendation. The PHS also provided comments relating to types of evaluations and technical comments. We address these comments below.

TYPES OF EVALUATIONS UNDERTAKEN BY PHS

In response to our draft report, PHS provided four concerns regarding the types of evaluations it undertakes. In this respect PHS: (1) believes the report does not clearly define certain terms, such as program and program issues, and asked if its Healthy Start Initiative would be considered a program; (2) believes the report lists several types of projects we excluded in determining the number of PHS studies related to program issues; (3) believes the report does not acknowledge the importance of nonprogram impact types of evaluation studies; and (4) disagrees with a conclusion that they have not engaged in more program-related studies because of "...difficulty in developing program goals..." since they state that program goals are usually identified in authorizing legislation/documents.

OIG RESPONSE

In light of PHS concerns we made certain changes to our report. We believe several of PHS' comments did not warrant changing our report. Both situations are discussed below.

-- We made two changes to our report to more clearly demonstrate that we used the programs which PHS submitted for listing in the CFDA as our definition of a program. Using the CFDA, the Healthy Start Initiative is a program (CFDA number 93.926).

-- We did not exclude any evaluations from consideration in determining the number of PHS studies related to "program issues." We did classify 407 PHS evaluations as those addressing processes and projects.

-- Under our discussion entitled EVALUATION FOCUS AND MEASUREMENT OF PROGRAM SUCCESS, we acknowledged the importance of these types of evaluation studies on pages 5 and 7.

-- Our report states that one reason PHS has not focused evaluations on the measurement of program performance is because of difficulty in developing program goals and performance based indicators for many PHS programs. This conclusion applies to performance based indicators relative to program goals. Further, this conclusion communicates the actual response of numerous PHS program officials with regard to establishing measurable goals which could be evaluated for program success.

TECHNICAL COMMENTS

The PHS provided the following four technical comments to our draft report: (1) PHS requested that we disclose who requested this study and what it is intended to accomplish; (2) PHS suggested deleting the term "delegated" which precedes "authority" as there is some controversy over the actual legal meaning of this term; (3) PHS stated that SAMHSA has only one level of review for approving evaluations while our report stated that "...proposals undergo two sets of reviews...;" and (4) NIH believes that the description of its role is too narrow.

OIG RESPONSE

In regards to PHS' technical comments we made one change to our report related to item (3) above. The following are our comments related to each of the PHS technical comments.

-- Our review was self-initiated. In regards to what our review is intended to accomplish, we explain our audit objective in the Executive Summary and Scope sections of the report.

-- The term "delegated authority" was used by OASH in several memorandums to PHS agencies upon approval of the agency's request for delegated evaluation authority.

-- We changed the wording in our report to reflect the fact that SAMHSA has only one level of review for performing evaluations.

-- We used NIH's mission statement as published in the Federal Register dated Friday, November 13, 1992.

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Please provide us with the status of any further action taken or contemplated on our recommendations, within the next 60 days. If you or your staff wish to discuss the issues raised by our report, please call me or have your staff contact Michael R. Hill, Assistant Inspector General for Public Health Service Audits, at (301) 443-3582.

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The **Public Health Service** (PHS) promotes the protection and advancement of the Nation's physical and mental health.

- *executes its mission through nine separate and distinct agencies and offices. These nine agencies and offices provide three basic health functions: services (HRSA, SAMHSA, IHS), prevention (CDC, FDA, ATSDR), and research (NIH and AHCPR), with OASH performing management/program oversight.*

MANAGEMENT

The **Office of the Assistant Secretary for Health** (OASH) is responsible for all programs administered by PHS agencies and provides executive leadership to PHS.

- *consists of 13 staff and program offices under the direction of the Assistant Secretary for Health.*

SERVICES

The **Health Resources and Services Administration** (HRSA) provides leadership and direction to programs and activities designed to improve the health services for all people of the United States and to assist in the development of health care systems which are adequately financed, comprehensive, interrelated and responsive to the needs of individuals and families in all levels of society.

- *executes its mission through an administrator, a deputy administrator, four bureaus, and 11 offices.*

The **Substance Abuse and Mental Health Services Administration** (SAMHSA) provides national leadership to ensure that knowledge, based on science and state-of-the-art practice, is effectively used for the prevention and treatment of addictive and mental disorders.

- *executes its mission through an administrator, an associate administrator, five offices, and three centers.*

The **Indian Health Service** (IHS) provides a comprehensive health services delivery system for American Indians and Alaska Natives with opportunity for maximum tribal involvement in developing and managing programs to meet their health needs.

- *executes its mission through a director, eight offices, and 11 area offices.*

PREVENTION

The **Centers for Disease Control and Prevention** (CDC) serves as the national focus for developing and applying disease prevention and control, environmental health, and health promotion and health education activities designed to improve the health of the people of the United States.

- *executes its mission through a director, six centers, one institute, three program offices, and one immunization office.*

The **Food and Drug Administration** (FDA) protects the public health of the nation as it may be impaired by foods, drugs, biological products, cosmetics, medical devices, ionizing and non-ionizing radiation-emitting products and substances, poisons, pesticides, and food additives.

- *executes its mission through a commissioner along with eight offices.*

The **Agency for Toxic Substances and Disease Registry** (ATSDR) prevents or mitigates the adverse human health effects and diminished quality of life that result from exposure to hazardous substances in the environment.

- *executes its mission through an administrator, an assistant administrator, five offices, and four divisions.*

RESEARCH

The **National Institutes of Health** (NIH) pursues knowledge about the nature and behavior of living systems and the application of that knowledge to extend healthy life and reduce the burdens of illness and disability.

- *executes its mission through a director, 10 offices, 17 institutes, four centers, two divisions, and a library of medicine.*

The **Agency for Health Care Policy and Research** (AHCPR) provides national leadership and administration of a program to enhance the quality, appropriateness, and effectiveness of health care services and access to such services.

- *executes its mission through an administrator, four offices, and four centers.*

APPENDIX

DEPARTMENT OF HEALTH & HUMAN SERVICES

Public Health Service

MEMORANDUM

Rockville MD 20857

AUG 5 1994

Date:

From: Assistant Secretary for Health

Subject: Office of Inspector General (OIG) Draft Report "Review of Public Health Service's Systems for Assuring That Programs are Necessary, Productive and Nonduplicative," A-01-93-01514

To: Inspector General, OS

Attached are the PHS comments on the subject OIG draft report. We agree with the report's recommendations and our comments outline the actions underway or planned to address these recommendations. In addition, these comments describe some PHS concerns with the draft report that we would like OIG to consider prior to the issuance of a final report.

Philip R. Lee, M.D.

Attachment

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IG	
SAIG	✓
PDIG	
DIG-AS	✓
DIG-EI	
DIG-OI	
AIG-CFAA	
AIG-MP	
OGC/IG	
EXSEC	✓
DATE SENT	8-8

PUBLIC HEALTH SERVICE (PHS) COMMENTS ON THE OFFICE OF INSPECTOR GENERAL (OIG) DRAFT REPORT "REVIEW OF PUBLIC HEALTH SERVICE'S SYSTEMS FOR ASSURING THAT PROGRAMS ARE NECESSARY, PRODUCTIVE AND NONDUPLICATIVE," A-01-93-01514

General Comments

We agree with the basic conclusion of the draft report that PHS should focus more of its evaluations on determining program impact and outcomes, and that evaluation results should be more fully integrated into program and legislative planning processes. However, we have the following concerns with the draft report that we would like OIG to consider prior to the issuance of a final report.

Types of Evaluations Undertaken by PHS

The OIG states in the draft report that, based on information received on 444 PHS-sponsored evaluations performed between Fiscal Years (FY) 1990 and 1993, only 37 addressed "program issues." It further states that those 37 did not "measure overall program success in line with program goals." Although this appears to be the basis for the OIG conclusion that PHS does not adequately focus its evaluation resources on studies of program results, the report does not clearly define certain terms.

For example, it is not clear what OIG means by "program issues" and how it defines the term "program." Would PHS' "Healthy Start" initiative, for instance, be considered by the OIG to be a "program?" It would be helpful to know how OIG defined "programs" in the context of PHS' research organizations, such as the National Institutes of Health and the Agency for Health Care Policy and Research. Due to such definitional limitations, we do not have a clear understanding of the method the OIG used to categorize PHS' evaluation studies.

The draft report lists several types of projects it excluded in determining the number of PHS studies related to "program issues" which, if given an opportunity to review, we might classify as relating to "program issues." These include evaluation design studies, "miscellaneous case studies," and "miscellaneous surveys." Evaluation design studies, while not in themselves program impact studies, are frequently precursors to major program impact/outcomes studies. It would be of benefit to know what types of studies might have been categorized as "miscellaneous case studies" and "miscellaneous surveys," since the PHS may consider that these also relate to "program issues."

Moreover, we are concerned that the draft report does not acknowledge the importance of non-program impact types of evaluation studies. Evaluations such as evaluation design studies, process reviews, and peer reviews in PHS research-oriented organizations, also serve useful purposes and ultimately affect the configuration and operation of PHS programs. It is also important to note that the PHS agencies have differing evaluation needs given the significant diversity in their missions and organizations.

The draft report also states (page 5) that one reason PHS has not engaged in more program-related studies is because of "difficulty in developing program goals...." We disagree with this conclusion since program goals are usually identified in authorizing legislation/documents. When this is not the case, PHS management in consultation with the Office of the Secretary, Office of Management and Budget, and appropriate Congressional Committees, has developed program goals.

OIG Recommendation

We recommend that PHS:

1. Create annual performance plans and reports which include program goals and the measurement of program performance against these goals to meet the mandate of the Government Performance and Results Act of 1993 (GPRA);

PHS Comment

We concur. PHS is in the process of developing annual performance plans and reports to comply with the requirements. The GPRA requires that performance plans be completed beginning in FY 1999 and that annual performance reports be prepared beginning March 31, 2000. PHS plans to meet this schedule.

OIG Recommendation

2. Increase the number of evaluations which meet the Assistant Secretary for Health guidance issued in 1990 by establishing objective, measurable criteria for evaluating program necessity, productivity, and duplication in accordance with program objectives; and

PHS Comment

We concur that more needs to be done in this area and will work toward that goal. We believe that it is important to note, however, that PHS agencies have been engaged in such efforts for several years. For example, in 1991 the Health Resources and Services Administration's (HRSA) Bureau of Health Resources Development began to develop an evaluation strategy including appropriate performance indicators and a data system targeting Titles I and II of the Ryan White Comprehensive AIDS Resources Emergency Act. In addition, HRSA's Bureau of Health Professions is developing a comprehensive set of outcome indicators and a coordinated evaluation strategy to assess the Bureau's success in implementing its strategic directions as they relate to Title VII and Title VIII health programs.

OIG Recommendation

3. Develop procedures and training to ensure that program performance evaluations are integrated into the program planning, legislative planning, and budget systems in accordance with the Assistant Secretary for Health's 1990 guidance.

PHS Comment

We concur. While the principles identified in the Assistant Secretary for Health's 1990 PHS planning guidance are still espoused, several actions at both the Departmental and PHS levels have been initiated to strengthen planning and the linkages between planning, resource allocation, development of legislation, and evaluation. A brief description of these actions follows:

- Departmental Strategic Planning. As part of the HHS Continuous Improvement Program, a Departmental Strategic Planning Process has been developed. As its centerpiece, this effort includes eight goals (approved by the Secretary) with more than 40 objectives. Departmental components, including PHS, are now in the process of developing strategy statements for each of the objectives which will include precise success indicators by which the Secretary can assess progress.

- PHS Strategic Planning. The PHS strategic planning activity implements the basic tenets of the 1990 guidance with stronger commitments from the Assistant Secretary for Health (ASH), and the Principal Deputy Assistant Secretary for Health (DASH) to link strategic planning commitments to resource allocation. A small number of priority issues

(goals) will be selected by the ASH, Principal DASH, PHS Agency Heads, and other senior staff. An issue plan will be developed for each priority issue to include the development of objectives strategies, action steps, resource requirements, and performance indicators. PHS budgets will reflect increased emphasis on those priority issues developed, and Agency Heads will be held accountable through the performance management system.

Additionally, a feedback loop will be established by incorporating evaluation plans as a part of each issue plan and requiring PHS agencies to quickly initiate evaluations which will provide information on program performance (outcomes/impacts).

- Top Level Commitment. Lastly, but critically important to this overall strategic planning framework, is the directive from the ASH for the development of PHS Agency strategic plans. These plans will reflect Agency priorities and, once approved by the ASH, provide a standard against which progress toward the attainment of related Agency goals and objectives can be routinely monitored by the ASH and Principal DASH.

Technical Comments

1. Executive Summary. We recommend that you state who requested this study and what it is intended to accomplish.

2. Page 2, paragraph 3, last line. We suggest deleting the term "delegated" which precedes "authority." There is some controversy over the actual legal meaning of this term.

3. Page 2, last paragraph. It states that "proposals undergo two sets of reviews..." In the Substance Abuse and Mental Health Services Administration (SAMHSA) there is only one level of review.

4. Exhibit, page 2. The National Institutes of Health (NIH) believes that the description of its role is too narrow. In addition to what is said about it in the Exhibit, NIH believes that the knowledge derived from NIH-supported research provides the underpinnings for disease prevention, as well as the elimination of disease. The knowledge developed as a result of NIH-supported research also benefits the work of other PHS Agencies both directly and indirectly.