

June 1997

THE GOVERNMENT PERFORMANCE AND RESULTS ACT

1997 Governmentwide Implementation Will Be Uneven





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

General Government Division

B-277071

June 2, 1997

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House of Representatives

B-277071

The Honorable John R. Kasich
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This report responds to the requirement in the Government Performance and Results Act of 1993 that we report to Congress on the implementation of the Act, including prospects for compliance by federal agencies beyond those participating as pilots under the Act. Our specific objectives for this report were to (1) assess the status of the Act's implementation efforts; (2) identify significant challenges confronting executive agencies in their efforts to become more results-oriented; and (3) describe ongoing efforts to integrate program, cost, and budget information into a reporting framework that allows for fuller consideration of resource allocations, operational costs, and performance results.

We are sending copies of this report to other appropriate congressional committees and executive branch agencies, including the Director of the Office of Management and Budget and other interested parties. We also will make copies available to others on request.

If you or your staff have any questions concerning this report, I can be reached at (202) 512-2637. The major contributors to this report are listed in appendix II.



L. Nye Stevens
Director, Federal Management
and Workforce Issues

Executive Summary

Purpose

A consensus that the nation's persistent federal deficit must be addressed and that the effectiveness of federal programs must improve substantially has spurred widespread efforts in the executive branch and Congress to dramatically change the way the federal government is managed. During the 1990s, Congress enacted a broad statutory framework, with the Government Performance and Results Act of 1993 as its centerpiece, to improve the management and accountability of federal agencies. In essence, the Act, which is referred to as "GPRA" or "the Results Act," seeks to shift the focus of federal management and decisionmaking away from a preoccupation with the activities that are undertaken to a focus on the results of those activities as reflected in citizens' lives.

Congress understood that the management changes required to effectively implement the Results Act would not come quickly or easily. The Act therefore included a phased implementation approach that began in fiscal year 1994 with pilot projects on the Act's performance planning and reporting requirements. Under the Results Act, GAO is to report to Congress on the implementation of the Act, including the prospects for compliance by executive agencies beyond those that participated in the pilot phase. This report culminates GAO's efforts to meet that mandate. GAO's specific objectives for this report were to (1) assess the status of the Results Act's implementation efforts; (2) identify significant challenges confronting executive agencies in their efforts to become more results oriented; and (3) describe ongoing efforts to integrate program, cost, and budget information into a reporting framework that allows for fuller consideration of resource allocations, operational costs, and performance results.

Background

The Results Act is intended to improve the efficiency and effectiveness of federal programs by establishing a system to set goals for program performance and to measure results. Specifically, the Act requires executive agencies to prepare multiyear strategic plans, annual performance plans, and annual performance reports. As a starting point, the Act requires virtually every executive agency to develop a strategic plan, covering a period of at least 5 years forward from the fiscal year in which it is submitted. These strategic plans are to include an agency's mission statement, general goals and objectives, and the strategies that the agency will use to achieve those goals and objectives. Agencies are to consult with Congress and solicit the views of other stakeholders in the development of those plans and to submit the first strategic plans to the

Office of Management and Budget (OMB) and Congress by September 30, 1997.

Next, the Results Act requires executive agencies to develop annual performance plans covering each program activity set forth in the agencies' budgets. The first annual performance plans, covering fiscal year 1999, are to be provided to Congress after the President's budget is submitted to Congress in 1998. The annual performance plan is to contain an agency's annual goals, the measures that the agency will use to gauge its performance toward meeting those goals, and the resources the agency will need to meet its goals. Finally, the Results Act requires executive agencies to prepare annual reports on program performance for the previous fiscal year. The performance reports are to be issued by March 31 each year, with the first (for fiscal year 1999) to be issued by March 31, 2000. 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.

The Results Act established requirements for pilot projects so that agencies could gain experience in using key provisions of the Act and provide lessons for pilots and for other agencies. The Act required OMB to designate at least 10 agencies to participate in the first set of pilot projects during fiscal years 1994 through 1996, which focused on the preparation of annual performance plans and reports. A second set of pilot projects in managerial accountability and flexibility were to propose waivers of administrative procedural requirements and controls for one or more of the major functions and operations of the agency to determine the effects of providing federal managers with increased managerial flexibility in exchange for greater accountability for performance. 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. A third set of pilot projects, which are scheduled in the Act for fiscal years 1998 and 1999, are to test performance budgeting—i.e., the presentation of the varying levels of performance that would result from different budget levels.

To prepare this report, GAO drew on a large body of work it had done in recent years on the Results Act and on related goal-setting, performance measurement, and accountability concepts. GAO also surveyed a sample of civilian managers at the general schedule (GS) and general management (GM) levels, GS/GM-13, through Senior Executive Service (SES) levels in 24 major agencies. These 24 agencies accounted for over 99 percent of the

federal government's net outlay for fiscal year 1996. The sample was stratified by whether the manager was SES or non-SES and by whether the manager was working in a selected agency or agency component that was designated as a Results Act pilot. Of the approximately 1,300 managers GAO surveyed, it received usable responses from about 72 percent.

The survey results are statistically generalizable to the 24 agencies included in the survey. The survey data reported throughout this report are the estimated percentages of how officials would have responded had the entire universe of eligible officials been surveyed. In general, percentages reported for the entire sample have confidence intervals ranging from ± 5 percentage points to ± 12 percentage points. In other words, if all managers and supervisors in the 24 agencies included in GAO's population had been surveyed, the chances are 95 out of 100 that the results obtained would not differ from the sample estimate, in the most extreme case, by more than ± 12 percentage points.

Results in Brief

GAO's work shows that the Results Act's implementation to this point has achieved mixed results, which will lead to highly uneven governmentwide implementation in the fall of 1997. While agencies are likely to meet the upcoming statutory deadlines for producing initial strategic plans and annual performance plans, GAO found that those documents will not be of a consistently high quality or as useful for congressional and agency decisionmaking as they could be. On a more promising note, OMB selected over 70 performance planning and reporting pilots that far exceeded the number required by the Results Act and that should provide a rich body of experience for agencies to draw on in the future.

GAO also found that the experiences of some of the Results Act pilot agencies, such as the Social Security Administration (SSA), and related efforts by nonpilot agencies, such as the Veterans Health Administration, showed that significant performance improvements were possible—even in the short term—when an agency adopted a disciplined approach to setting results-oriented goals, measuring its performance, and using performance information to improve effectiveness. However, the reported examples of substantial performance improvements were relatively few, and many agencies did not appear to be well positioned to provide in 1997 a results-oriented answer to the fundamental Results Act question: What are we accomplishing?

GAO's review of efforts to date under the Results Act have shown that to effectively implement the Act, agencies face a variety of significant challenges, some of which will not be resolved quickly. One set of challenges arises from the complications of government structure and from program proliferation. Others involve methodological difficulties in identifying performance measures or the lack of data needed to establish goals and assess performance. The following are among the challenges that GAO observed.

- Overlapping and fragmented crosscutting program efforts, such as student loan or economic development programs, present the logical need to coordinate efforts to ensure that goals are consistent and, as appropriate, that program efforts are mutually reinforcing. GAO found that overlapping and fragmented program efforts can undermine efforts to establish clear missions and goals. In addition to the problem of overlapping and fragmented programs, agencies are challenged in setting goals because those goals often must reflect a balance of competing policy priorities. For example, GAO has reported that the effectiveness of the Forest Service had been compromised because it had not reconciled conflicts concerning its role in regulating the use of its lands (e.g., promoting timber sales versus protecting wildlife). Striking the right balance is a continuing and difficult challenge because forging the political consensus needed to create and sustain a program often results in that program having competing and/or broadly stated goals.
- 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. GAO work has shown that measuring the federal contribution 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.
- The lack of results-oriented performance information in many agencies hampers efforts to identify appropriate goals and confidently assess performance. Even when data exist, GAO has consistently found that the quality of agencies' performance data is often questionable due to several factors, including the need to rely on third parties to provide data.
- Instilling within agencies an organizational culture that focuses on results remains a work in progress across the federal government. According to GAO's survey, about 57 percent of managers said that their agencies' top leadership demonstrated a strong commitment to achieving results to a great or very great extent. In contrast, however, only about 16 percent said that program changes by management above their levels were based on

results-oriented performance information to a great or very great extent. This suggests that despite the strength of managers' perceptions about top leadership commitment, the extent to which leaders are demonstrating their commitment by using performance information for decisionmaking is not as great.

- Linking agencies' performance plans directly to the budget process, through the Results Act requirement to base the annual program performance goals on the budget's program activity structure, may present significant difficulties. GAO's analysis has shown that the extent to which the budget's program activity structure can be directly linked to a results-oriented performance framework varies widely among activities, and GAO's work has suggested that adjustments and accommodations in the program activity structure may be needed. GAO's work also has suggested that reaching agreement on such changes between Congress and the executive branch will be a time-consuming and difficult process that will take more than one budget cycle to resolve.

The Results Act is the cornerstone of a series of initiatives that are intended to provide a comprehensive framework for integrating program, cost, and budget information. GAO notes that improved financial reporting and auditing required by the Chief Financial Officers Act (CFO) Act should strengthen the reliability of cost and performance information. GAO also notes that the Federal Accounting Standards Advisory Board (FASAB) has developed a new set of reporting concepts and accounting standards that underpin OMB's guidance to agencies on the form and content of their agencywide financial statements. These standards include a new reporting model for federal agencies geared to providing users with consolidated performance, cost, and other information. These standards also include cost accounting standards that became effective beginning with fiscal year 1997 and are the first set of standards that are to account for the full costs of federal programs. GAO work has shown that developing the necessary information systems to gather, process, and analyze the needed program and cost information will be a substantial undertaking for most federal agencies because of agencies' long-standing weaknesses in the use of information technology. To help address problems in agencies' use of information technology, Congress enacted the Paperwork Reduction Act of 1995 and the Clinger-Cohen Act of 1996.

Addressing some of the challenges highlighted by GAO, such as crosscutting program efforts and balances among competing priorities, will raise significant policy issues for Congress and the administration to consider, some of which will likely be very difficult to resolve. In this

regard, GAO believes that the Results Act's success or failure should not be judged on whether contentious policy issues are fully resolved; rather, judgment of the success or failure of the Results Act should turn on the extent to which the information produced through the Results Act's goal-setting and performance measurement practices—once those practices are successfully implemented—helps inform policy decisions and improve program management.

Principal Findings

Performance Improvements Have Been Made, but Overall Results Act Implementation Efforts Are Mixed

Executive agencies, OMB, and Congress are undertaking efforts to implement the Results Act. Over 70 federal organizations—in some cases, entire agencies such as SSA and the Internal Revenue Service—participated in the performance planning and reporting pilot phase. GAO's work indicated that in addition to overseeing those pilots, OMB has achieved some success working with agencies to seek agreement on strategic and annual goals and performance measures and to increase the prominence of performance information in the executive branch budget process. For example, when GAO reviewed fiscal year 1996 OMB budget documents, it found that more attention had been placed on performance-related issues than in the previous fiscal year. Congress, too, has shown a growing interest in and support for the governmentwide implementation of the Results Act. For example, the House Majority has established teams consisting of staff from various committees to lead its strategic plan consultation efforts. These teams have been reaching out to agencies to review and comment on agencies' strategic plans.

Most important, GAO found some agencies have reported improved results due to the Results Act or related efforts. For example, GAO has reported that the Veterans Health Administration improved services to veterans by more rigorously assessing the results of the medical care it provides to the nation's veterans. In particular, the Veterans Health Administration reported that it used performance information to target the most important improvement opportunities and thereby lowered the mortality rate for cardiac procedures by an average of 13 percent over the last 8 years. In another example, involving SSA's national toll-free 800 telephone number to handle citizen inquiries, SSA used customer satisfaction and other performance information to identify and make program changes, including providing additional staff to handle phone calls. As a result, the

busy rate decreased from 49 to 34 percent, and the percentage of calls answered within 5 minutes increased from 74 to 83 percent from fiscal year 1995 to fiscal year 1996. GAO notes that these and other performance improvements strongly suggest that the basic goal-setting and performance measurement model used by the Results Act, if successfully implemented, will be an important tool for improving federal management and performance.

Although some agencies reported that significant performance improvements have been made, GAO noted that, in general, few agencies have shown substantial performance improvements thus far. These limited reports of improvements may be understandable at this early stage of the Results Act's implementation. However, GAO's work also indicates that agencies do not appear to have consistently in place the critical performance measurement processes that would allow them to make future improvements. For example, GAO reported in January 1997 that the Department of Housing and Urban Development's Public Housing Management Assessment Program did not collect important information needed to manage and assess its results. The program is to assess the performance of local housing authorities by measuring factors such as the numbers of outstanding work orders and uncollected rents. However, the system does not measure other factors, such as housing quality, that are essential for assessing the results that housing authorities are achieving, as well as for determining which housing authorities are performing well or poorly.

The situation at the Department of Housing and Urban Development appears to be typical. According to GAO's survey, fewer than one-third of managers in the agencies included in its survey reported that results-oriented performance measures exist for their programs to a great or very great extent. The existence of other types of performance measures needed to successfully manage programs also was reported as low. For example, of the total managers reporting the existence of such measures to a great or very great extent, 38 percent of the managers reported the existence of measures of outputs, 32 percent reported the existence of customer satisfaction measures, 31 percent reported the existence of measures of product or service quality, and 26 percent reported the existence of measures of efficiency.

On a more positive note, while still viewed as low, significantly more managers reported in GAO's survey that results-oriented and other performance measures existed to a greater extent currently than 3 years

ago. For example, GAO asked managers about the current situation as compared with what they recollected 3 years ago concerning the existence of results-oriented performance measures and measures of customer satisfaction. The percentage of managers who reported the existence of these measures to a great or very great extent was higher currently by 13 and 21 percentage points, respectively. Although this increase is a very favorable development, GAO notes that the overall low level still is a matter for concern.

Obviously, it is not sufficient merely to measure current performance. The Results Act envisions that performance information will be used to make decisions and better manage programs. In that regard, about one-fifth of federal managers from agencies included in GAO's survey reported that results-oriented performance information was used to a great or very great extent to develop their agencies' budgets. Managers reported even lower levels in the use of results-oriented performance information to help make funding decisions, legislative changes, or program changes. However, managers rated the extent of use of results-oriented performance information currently as somewhat higher than they rated the extent of use 3 years ago. The reported limited availability of results-oriented performance measures, combined with the still infrequent use of such information to help make key decisions, suggests to GAO that many agencies may have a difficult time developing meaningful results-oriented measures in time for fiscal year 1999 performance plans that are due to OMB this fall.

Key Challenges Remain to Effective Implementation of the Results Act

GAO found that agencies are confronting a variety of difficult challenges that have limited the implementation of the Results Act. These challenges include establishing clear agency missions and strategic goals, especially when program efforts are overlapping or fragmented; measuring performance, particularly when the federal contribution to a result is difficult to determine; generating the results-oriented performance information needed to set goals and assess progress; instilling a results-oriented organizational culture within agencies; and linking performance plans to the budget process. The experiences of pilot agencies and related efforts by nonpilot agencies suggest that these challenges will not be quickly or easily resolved.

Establishing Clear Agency Missions and Strategic Goals Remains a Challenge

Attempting to reach a reasonable degree of consensus on agencies' missions and establishing clear and precise strategic goals are likely to raise contentious policy issues that may not be easily resolved. Past GAO

work has shown that as Congress and the executive branch have responded to new national needs and problems, many different agencies have been given responsibility for addressing the same or similar national issues. Of the 18 national mission areas displayed in the federal budget, 14 were addressed by more than 1 executive branch department or major agency in fiscal year 1996. In some cases, this shared responsibility demonstrates that addressing a national need requires the efforts of more than one agency.

However, past GAO work has suggested that some important federal program areas have suffered from overlap and fragmentation. Overlapping and fragmented program efforts can frustrate program customers, waste scarce resources, and limit the overall effectiveness of the federal effort. For example, GAO reported in 1995 on the Department of Education programs that provided loans and grants to students to help finance their higher education. GAO found that although the student loan and Pell grant programs provided the majority of federal financial aid to students for postsecondary education, another 22 smaller programs were targeted to specific segments of the postsecondary school population, such as prospective students from disadvantaged families or women and minorities who are underrepresented in graduate education. These 22 programs were collectively funded at \$1.1 billion for fiscal year 1995. GAO concluded that these smaller grant programs could be considered candidates for consolidation—with other larger programs or among themselves—with no adverse impact on students' access to postsecondary education. GAO also found that the federal government could anticipate administrative savings of 10 percent each year, or a total of \$550 million in budget authority (adjusted for inflation) over 5 years.

In addition, GAO notes that many agencies confront competing policy objectives, which are a natural by-product of the complex social and political environment in which programs are created, funded, and managed. For example, GAO reported in April 1997 that the Forest Service had increasingly shifted the emphasis of its efforts from producing timber to sustaining wildlife. This shift was taking place in reaction to requirements in planning and environmental laws and their judicial interpretation—reflecting changing public values and concerns—together with social, ecological, and other factors. However, GAO noted that the demand for recreation was also expected to grow and may increasingly conflict with efforts aimed at sustaining wildlife and producing timber. GAO found that the disagreement both within the Forest Service and among key external stakeholders, including Congress, on how the Forest Service is to

resolve conflicts or make choices among competing uses on its lands had seriously undermined its efforts to establish the goals and performance measures needed to ensure accountability. GAO concluded that until general agreement is reached, the Forest Service's decisionmaking will continue to be inefficient and ineffective.

Lack of Federal Control Over Results Complicates Performance Measurement Efforts

GAO's past work shows that agencies must grapple with some difficult analytic and technical challenges in developing results-oriented performance measures. The variety of influences beyond direct federal control that may determine whether, and the degree to which, a federal effort is successful is a major challenge to agencies' efforts to measure performance. Moreover, the end result of a program may occur long after the federal intervention, which makes it difficult to measure progress annually. Because of issues like these, performance measurement efforts, such as those for scientific research, regulatory, and intergovernmental programs, are particularly challenging.

For example, GAO found that determining the impact of economic development programs has been a daunting task because of the numerous external forces—including broad national economic trends and the assistance that communities may receive from state and local governments and the private sector—that may contribute to local economic development. Separating out the effects of federal program efforts can be extremely difficult, as GAO observed in a 1996 review on economic development programs, because it would require, first, documentation that there had been some improvement in a targeted area; second, linkage of specific program elements to actual economic changes; and third, measurement of the growth stemming from other influences on the economy of the targeted area in order to isolate the impact that could be attributed to the economic development program.

GAO found that although such performance measurement efforts constitute a substantial undertaking, they have the potential to provide important information for decisionmakers. For example, one study of the effectiveness of the Department of Commerce's Economic Development Administration (EDA) programs found that income in the counties that received EDA funding grew significantly faster than income in the counties that received no aid. However, when EDA's programs and factors unrelated to EDA were considered simultaneously, the study found that EDA's programs had a very small effect on income growth rates during the period that the aid was received and had no significant effect in the 3 years after

the aid ceased. The study found that EDA's programs could explain only a small part of the difference in these growth rates between the two groups of counties.

GAO found that agencies are exploring a number of approaches for addressing difficulties in developing results-oriented performance measures. These approaches include undertaking program evaluations to try to isolate program impact, such as in the EDA case already discussed; using measures of intermediate results; employing a range of measures to assess whether programs are making progress; and working with stakeholders to seek agreement on appropriate measures.

Absence of Quality Results-Oriented Performance Information Hampers Efforts to Set Goals and Assess Performance

GAO has found that a lack of results-oriented performance information to use as a baseline complicates agencies' efforts to set appropriate improvement targets. Department of Veterans Affairs officials told GAO that some of their results-oriented measures for a Loan Guaranty program were new and that baseline data were not available on those measures. Consequently, they did not have data on past performance to use in setting some of the program's fiscal year 1998 goals. In some of these cases, the Department indicated in its fiscal year 1998 budget submission that those goals were "to be determined." In another example, Department of Agriculture officials told GAO that they eliminated some performance measures that had been part of their Results Act pilot's annual performance plan because they did not have a way to collect data on those measures. Lacking these data, they did not have an informed basis on which to set goals.

Past GAO work also has shown that agencies face a variety of challenges to collecting valid and reliable performance information, including ensuring that standard definitions are used when measuring performance. For example, GAO reported in 1996 on management challenges that the Department of Health and Human Service's Office of Child Support Enforcement (OCSE) faced because of a lack of comparable performance data across state and local jurisdictions. OCSE officials said that discrepancies resulting from differences in the way the states and local jurisdictions defined what constitutes a child support enforcement case had contributed to the difficulty of uniformly measuring state performance. To address these discrepancies, OCSE worked with state and local authorities to develop standard data definitions for key child support enforcement terms, including a definition for what constitutes a child support enforcement case, and incorporated the use of standardized

definitions for measuring state performance. Together, they also developed measures to assess state performance in obtaining support orders and agreed that states would use the OCSE-established definition of a child support enforcement case to report these data.

Making Needed Cultural Changes Is a Work in Progress Across Agencies

According to GAO's survey, federal managers rated the commitments of top leadership to achieving results as higher currently than they did for 3 years ago. However, federal managers' responses to GAO's survey also suggested that more progress is needed for agencies to develop and sustain cultures that focus on results. For example, when GAO asked federal managers about the extent to which they or supervisors at their levels had the authority they needed to help their agencies accomplish their strategic goals, the managers did not perceive that they had more such authority currently than they recalled having 3 years ago.

Significantly, for managers from the Results Act pilots that GAO was able to isolate for its sample, GAO's survey found these managers' perception of the extent of their authority currently was much lower than their perception of the situation 3 years ago. For example, 56 percent of SES managers from selected Results Act pilots reported that managers at their level had authority to help the agency accomplish its strategic goals to a great or very great extent 3 years ago. Fewer SES managers, 40 percent, reported having authority to a comparable extent currently—a difference of 16 percentage points.

These survey results suggest to GAO that as agencies implement the Results Act and strive to become more results oriented, they need to pay special attention to ensuring that key managers have the authority they need to achieve intended results. In passing the Results Act, Congress recognized that if federal managers were to be held accountable for program results, they would need the authority and flexibility to achieve those results. Congress also understood the importance of affording federal program managers the freedom to be innovative and creative and to marshal resources to achieve results. Indeed, Congress has provided agencies with additional authority in the key area of procurement that allows for more flexibility in managing their programs. In addition, the administration's National Performance Review has sought the empowerment of employees to achieve results as one of its major initiatives.

Integrating Performance Information Into the Budget Will Likely Prove Difficult

The annual performance plans that agencies are to develop under the Results Act provide the opportunity, if successfully implemented, to assist congressional and executive branch resource allocation decisionmaking by providing direct linkages between the performance information contained in performance plans and agency budget requests. Under the Results Act, the annual performance goals are to be based on the program activities listed in the president's budget. GAO has observed that although budgeting is inherently an exercise in political choice, the Results Act is based on the premise that budget decisions should be more clearly linked to expectations about program performance.

In a 1997 report on past federal initiatives in performance budgeting, GAO noted that an agency's program activities generally result from negotiations between the agency, OMB, and the relevant congressional appropriations subcommittees. Program activity structures, which represent programmatic, process, organizational, or other orientations, therefore depend on the needs, interests, and experiences of agencies, OMB, and Congress. Because of this wide variability, the suitability of current program activity structures for the Results Act performance planning and measurement may vary.

GAO's discussions with agency officials and congressional staff as part of its review of past performance budgeting initiatives highlighted the differing expectations held by the two branches of government on the use of the budget's program activity structure as a basis for planning and measuring agencies' performance. Congressional staff were generally comfortable with existing activity structures and questioned whether changes would frustrate congressional oversight. The staff generally viewed these structures as fundamental to congressional oversight of agency activities, and thus they viewed changes with apprehension and concern. However, some agency officials saw program activity structures as secondary to planning. Therefore, where current program activity structures proved unsuitable for planning purposes, these officials viewed change in program activity structures as inevitable and appropriate. However, they noted that negotiating changes with Congress could prove difficult and time-consuming.

An Augmented Reporting Framework Holds Promise for Strengthening Federal Decisionmaking and Accountability

GAO's past work indicates that integrated accountability reports have the potential of further strengthening congressional and executive branch decisionmaking and agencies' accountability. The FASAB accountability reporting concepts and accounting standards—building on CFO Act requirements—are to bring together program performance information with audited financial information to provide congressional and other decisionmakers with a more complete picture of the results, operational performance, and the costs of agencies' operations. For the first time, decisionmakers are to be provided with annual "report cards" on the costs, management, and effectiveness of federal agencies. The FASAB cost accounting standards hold a similar promise to improve decisionmaking, if successfully implemented. These standards are to provide decisionmakers with information on the costs of all resources used, including the costs of services provided by others to support activities or programs. Such information would allow for comparisons of the costs of various programs and activities with their performance outputs and results.

Congress, in enacting the Results Act, the CFO Act, and information technology reform legislation, sought to create a more focused, results-oriented management and decisionmaking process within both Congress and the executive branch. GAO has noted that these laws were intended to respond to a need for accurate, reliable information for congressional and executive branch decisionmaking, information that had been badly lacking. GAO observed that implemented together, these laws provide a powerful framework for developing fully integrated information about agencies' missions and strategic priorities, results-oriented performance goals that flow from those priorities, performance data to show the achievement (or not) of those goals, the relationship of information technology investments to the achievement of performance goals, and accurate and audited financial information about the costs of achieving mission results.

Recommendations

GAO has long supported the goal-setting, performance measurement, and results-based accountability concepts embodied in the Results Act. As part of GAO's statutory mandate under the Results Act, and at the request of congressional committees, GAO monitored the performance planning and reporting pilot phase of the Results Act, highlighted the key implementation issues needing additional attention as those issues were identified, and made suggestions to Congress and agencies as appropriate. Moreover, the GAO reports that examined management issues in individual agencies contained recommendations, as appropriate, to improve the

management of those agencies. Overall, GAO found nothing in the work that it did specifically for this report that would lead it to alter its position in support of the concepts in the Results Act or the recommendations it has made to specific agencies. Therefore, GAO is making no new recommendations in this report.

Agency Comments

GAO sent a draft of this report to the Director of OMB for comments. On May 21 and 22, 1997, senior OMB officials provided technical comments that were incorporated where appropriate.

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Abbreviations

ARC	Appalachian Regional Commission
ARL	Army Research Laboratory
BEP	Bureau of Engraving and Printing
CFO	Chief Financial Officers
CPDF	Civilian Personnel Data File
DLA	Defense Logistics Agency
DOD	Department of Defense
EDA	Economic Development Administration
EPA	Environmental Protection Agency
FAA	Federal Aviation Administration
FASAB	Federal Accounting Standards Advisory Board
FDA	Food and Drug Administration
GM	General Management
GMRA	Government Management Reform Act
GPRA	Government Performance and Results Act
GS	General Schedule
HHS	Department of Health and Human Services
HUD	Department of Housing and Urban Development
IRS	Internal Revenue Service
JFMIP	Joint Financial Management Improvement Program
MBO	Management by Objectives
NCS	National Cemetery System
NHTSA	National Highway and Traffic Safety Administration
NPR	National Performance Review
OCSE	Office of Child Support Enforcement
OMB	Office of Management and Budget
ONDCP	Office of National Drug Control Policy
OPM	Office of Personnel Management
OSHA	Occupational Safety and Health Administration
PPBS	Planning-Programming-Budgeting System
R&D	Research and Development
SES	Senior Executive Service
SSA	Social Security Administration
USDA	Department of Agriculture
VA	Department of Veterans Affairs
ZBB	Zero-Based Budgeting

Introduction

A consensus that the nation's persistent federal deficit must be addressed and that the effectiveness of federal programs must improve substantially has spurred widespread efforts under way in federal agencies and Congress to dramatically change the way the federal government is managed. Although proposals to reduce the deficit are prompting difficult policy debates over the role of the federal government, better management of federal programs and activities can provide part of the solution to the government's fiscal problems. But the hard work of managing downsized federal agencies is made more difficult when those agencies lack goals that focus on results; cost-effective strategies to achieve those goals; sound measures of performance; and reliable, accurate, and timely information needed for decisionmaking.

Our work over many years repeatedly has found that agencies lack these basic underpinnings of well-run organizations. In enacting the Government Performance and Results Act (GPRA) of 1993, which is referred to as "GPRA" or "the Results Act," Congress expressed frustration that congressional and executive branch decisionmaking was often hampered by the lack of good information on the results of federal program efforts. However, Congress also recognized that improving management in the federal sector will not be easy or come quickly.

Congress Has Enacted a Statutory Framework for Improving Federal Management and Decisionmaking

In the 1990s, Congress put in place a statutory framework to address the long-standing weaknesses in federal operations, improve federal management practices, and provide greater accountability for achieving results. This framework included as its essential elements financial management reform legislation, information technology reform legislation, and the Results Act.

In enacting this framework, Congress sought to create a more focused, results-oriented management and decisionmaking process within both Congress and the executive branch. These laws seek to improve federal management by responding to a need for accurate, reliable information for congressional and executive branch decisionmaking, information that has been badly lacking in the past, as much of our work has demonstrated. Implemented together, these laws provide a powerful framework for developing fully integrated information about agencies' missions and strategic priorities, the results-oriented performance goals that flow from those priorities, performance data to show the achievement (or not) of those goals, the relationship of information technology investments to the

achievement of performance goals, and accurate and audited financial information about the costs of achieving mission results.

Financial Management Reform Legislation

The primary financial management reform legislation Congress enacted is the Chief Financial Officers Act of 1990 (CFO) Act, as expanded by the Government Management Reform Act of 1994 (GMRA). This law provides the basis for identifying and correcting financial management weaknesses that have cost the federal government billions of dollars and leave it vulnerable to waste, fraud, and mismanagement. The expanded CFO Act spelled out a long overdue and ambitious agenda to help the government resolve its lack of timely, reliable, useful, and consistent financial information. First, 24 major executive agencies, covering over 99 percent of the federal government's net outlay for fiscal year 1996, are required to prepare and have audited financial statements for their entire operations, beginning with fiscal year 1996. Second, every year starting with fiscal year 1997, the Secretary of the Treasury is required to produce a governmentwide financial statement in coordination with the Director of the Office of Management and Budget (OMB), and the statement is to be audited by the Comptroller General of the United States. With successful implementation, the audited financial statements required by the CFO Act, as expanded by GMRA, will provide congressional and executive branch decisionmakers with the financial and program cost information that they have not previously had.

Information Technology Reform Legislation

Information technology reform legislation, including the Paperwork Reduction Act of 1995 and the Clinger-Cohen Act of 1996, is based on the best practices used by leading public and private organizations to more effectively manage information technology.¹ Even though agencies have obligated billions of dollars—\$145 billion in the last 6 years alone—to build up and maintain their information technology resources, the benefits frequently have been disappointing. Federal technology projects often experience schedule slippages, incur extensive cost overruns, and fail to provide promised performance improvements.

We have noted that the sound application and management of information technology to support strategic program goals must be an important part of any serious attempt to improve agency mission performance, cut costs,

¹Executive Guide: Improving Mission Performance Through Strategic Information Management and Technology—Learning from Leading Organizations (GAO/AIMD-94-115, May 1994).

and enhance responsiveness to the public.² Under the information technology reform laws, agencies are to better link their technology plans and information technology use to their programs' missions and goals. To do this, agencies are to, among other things, (1) involve senior executives in information management decisions; (2) establish senior-level Chief Information Officers who are to, among other things, evaluate information technology programs on the basis of applicable performance measurements; (3) impose much-needed discipline on technology spending; (4) redesign inefficient work processes; and (5) use performance measures to assess technology's contribution to achieving mission results.

Government Performance and Results Act

The landmark Results Act is the centerpiece of an integrated statutory framework, which includes reform legislation in the areas of financial management and information technology. The Act focuses on clarifying missions, setting program goals, and measuring performance toward achieving those goals. It emphasizes managing for results and pinpointing opportunities for improved performance and increased accountability. The purposes of the Act are to:

“(1) improve the confidence of the American people in the capability of the Federal Government, by systematically holding Federal agencies accountable for achieving program results;

“(2) initiate program performance reform with a series of pilot projects in setting program goals, measuring program performance against those goals, and reporting publicly on their progress;

“(3) improve Federal program effectiveness and public accountability by promoting a new focus on results, service quality, and customer satisfaction;

“(4) help Federal managers improve service delivery, by requiring that they plan for meeting program objectives and by providing them with information about program results and service quality;

“(5) improve congressional decisionmaking by providing more objective information on achieving statutory objectives, and on the relative effectiveness and efficiency of Federal programs and spending; and

²High-Risk Areas: Actions Needed to Solve Pressing Management Problems (GAO/T-AIMD/GGD-97-60, Mar. 5, 1997).

“(6) improve internal management of the Federal Government.”³

Congress intended for the Act to improve the effectiveness of federal programs by fundamentally shifting the focus of management and decisionmaking away from a preoccupation with staffing and activity levels to a broader focus on the results of federal programs. As measures of their performance, agencies have traditionally used the amount of money spent to support their programs, the number of staff employed, or the number of tasks completed. But at a time when the value of many federal programs is undergoing intense public scrutiny, an agency that uses and reports only these measures has not answered the defining question of whether these programs have produced real results. Under the Results Act, virtually every executive agency is required to ask itself some basic questions: What is our mission? What are our goals, and how can we achieve them? How can we measure our performance? How will we use performance information to make improvements?

The Results Act Establishes Specific Requirements

The Results Act requires executive agencies to set goals, measure performance, and report on the degree to which goals were met. Because Congress understood that most agencies would need to make significant management changes to effectively implement the Act, requirements were to be phased in over several years. Thus, the implementation of the Act began with a set of pilot projects to be designated by OMB so that selected agencies could gain experience in using key provisions of the Act and provide lessons for other agencies. These pilots were to focus on

- the development of agency performance plans, which provide the direct linkage between an agency’s long-term goals (commonly referred to as strategic goals) and what its managers and employees do day-to-day; and performance reports, which are the feedback to managers, policymakers, and the public as to what was actually accomplished for the resources expended;
- managerial accountability and flexibility, which is the granting of waivers from certain nonstatutory administrative procedural requirements and controls in return for greater management accountability for performance; and
- performance budgeting, which is intended to provide Congress with information on the direct relationship between proposed program spending and expected program results and the anticipated effects of varying spending levels on results.

³P.L. 103-62, sec. 2.

The Act requires the Director of OMB to report to Congress and the president on the results of the pilot projects. The first report was to cover pilot projects in performance planning and reporting and managerial accountability and flexibility and was due no later than May 1, 1997. This report was to include, among other things, an assessment of the benefits and costs of pilot performance plans and reports and any significant difficulties experienced by the pilot agencies in preparing proposed waivers.⁴ OMB is to prepare a second report to Congress and the president on the performance budgeting pilots. This report is due no later than March 31, 2001.

Agencies Are to Set Strategic Direction, Identify Annual Performance Goals, and Report on Performance

The Results Act is designed to improve the efficiency and effectiveness of federal programs by establishing a system to set goals for program performance and to measure results. Specifically, the Act requires executive agencies to prepare multiyear strategic plans, annual performance plans, and annual performance reports.

Multiyear Strategic Plans

The Results Act requires virtually every executive agency to develop strategic plans covering a period of at least 5 years forward from the fiscal year in which it is submitted and to update those plans at least every 3 years.⁵ Agencies' first strategic plans are to be submitted to Congress and the Director of OMB by September 30, 1997. The strategic plans are to (1) include the agencies' mission statements; (2) identify long-term general goals and objectives, also known as strategic goals; (3) describe how the agencies intend to achieve those goals through their activities and through their human, capital, information, and other resources; and (4) explain the key external factors that could significantly affect the achievement of those goals. Under the Act, strategic plans are the starting point for agencies to set annual performance goals and to measure program performance in achieving those goals. Consequently, strategic plans are also to include a description of how long-term general goals will be related to annual performance goals as well as a description of the program evaluations that agencies used to establish their long-term general goals

⁴The Government Performance and Results Act: Report to the President and the Congress from the Director of the Office of Management and Budget, May 19, 1997.

⁵The Results Act applies to agencies as defined in 5 U.S.C. 306(f), which generally covers executive departments, government corporations, and independent establishments.

and a schedule for subsequent evaluations. As part of the strategic planning process, agencies are required to consult with Congress and solicit the views of other stakeholders—those governmental and nongovernmental entities potentially affected by, or interested in, the agencies' activities.

Annual Performance Plans

Building on the decisions made as part of the strategic planning process, the Results Act requires executive agencies to develop annual performance plans covering each program activity set forth in the agencies' budgets.⁶ The first annual performance plans, covering fiscal year 1999, are to be submitted to OMB this fall and to Congress after the President's budget in 1998. The plan is to contain an agency's annual performance goals, which the agency is to use in order to gauge its progress toward accomplishing its strategic goals. The plan also is to include the performance measures that the agency will use to gauge progress toward the achievement of its annual performance goals and the resources the agency will need to meet its goals. Finally, the plan is to discuss how the agency will verify the resulting performance data.

The Act authorizes agencies to apply for managerial flexibility waivers in their annual performance plans. Agencies' authority to request waivers of nonstatutory administrative procedural requirements and controls is intended to provide federal managers with more flexibility to structure agency systems to better support performance goals. An example of increased flexibility would be to allow an organization to recapture unspent operating funds because of increased efficiencies and then to use these funds to purchase new equipment or expand employee training. Another example might involve delegating more authority to line managers to make procurement decisions.

OMB is to use the performance plans that agencies submit to develop an overall federal government performance plan. OMB is to submit this governmentwide plan each year to Congress with the president's budget. According to the Senate Committee on Governmental Affairs report on the Act, the overall federal government performance plan is to present to Congress a single cohesive picture of the federal government's annual performance goals for the fiscal year.⁷ The first overall plan is due with the President's fiscal year 1999 budget.

⁶The term "program activity" refers to the listings 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.

⁷S. Rep. No. 58, 103d Cong. 1st Sess. (1993).

Annual Performance Reports

Finally, the Results Act requires each executive agency to prepare annual reports on program performance for the previous fiscal year. The first performance reports for fiscal year 1999 are due to Congress and the president no later than March 31, 2000, and subsequent reports are due by March 31 for the years that follow. In each report, an agency is to review and discuss its performance compared with the performance goals it established in its annual performance plan. When a goal is not met, the agency is to explain in the report the reasons the goal was not met; plans and schedules for meeting the goal; and, if the goal was impractical or not feasible, the reasons for that and the actions recommended. According to the Senate committee report on the Act, actions needed to accomplish a goal could include legislative, regulatory, or other actions. If an agency finds a goal to be impractical or not feasible, it is to include a discussion of whether the goal should be modified.

In addition to evaluating the progress made toward achieving its annual goals, an agency's program performance report is to evaluate the agency's performance plan for the fiscal year in which the performance report was submitted. Thus, in their fiscal year 1999 performance reports that are due by March 31, 2000, agencies are required to evaluate their performance plans for fiscal year 2000 on the basis of their reported performance in fiscal year 1999. This evaluation is to help show how an agency's actual performance is influencing its performance plan. The report also is to include (1) the summary findings of program evaluations completed during the fiscal year covered by the report and (2) the use and effectiveness of any of the Results Act managerial flexibility waivers that an agency received.

Agencies also are to include baseline and trend data in annual performance reports to help ensure that their reports are complete and that performance is viewed in context. Such data can show whether performance goals are realistic given the past performance of an agency. Such data can also assist users of reports to draw more informed conclusions than they would by comparing only a single year's performance against an annual goal, because users of reports can see improvements or declines in an agency's performance over prior years.⁸ For fiscal years 2000 and 2001, agencies' reports are to include data on the extent to which their performance achieved their goals, beginning with fiscal year 1999. For each subsequent year, agencies are to include performance data for the year covered by the report and 3 prior years. Congress recognized that in some cases not all the performance data will

⁸GPRO Performance Reports (GAO/GGD-96-66R, Feb. 14, 1996).

be available in time for the required reporting date. In such cases, agencies are to provide whatever data are available with a notation as to their incomplete status. Subsequent annual performance reports are to include the complete data as part of the trend information.

The Results Act Used a Phased Implementation Approach to Build Experience and Provide Lessons

The Results Act required OMB to designate at least 10 agencies to participate in the first set of pilot projects, which were to focus on the preparation of program performance plans and reports. The selected agencies were to reflect a representative range of government functions and capabilities in measuring and reporting program performance. Also, the Act required these pilot projects to use strategic plans during 1 or more years of the pilot period, which ran from fiscal years 1994 through 1996.

Congress recognized that managerial accountability for results is linked to managers having sufficient flexibility, discretion, and authority to accomplish desired results. Thus, the Act specified a second set of pilot projects in managerial accountability and flexibility. These pilot projects were to propose waivers of administrative procedural requirements and controls for one or more of the major functions and operations of the agency to determine the effects of providing federal managers with increased managerial flexibility in exchange for the greater accountability for performance. At least five agencies from the first set of pilot projects were to be designated by OMB to test managerial accountability and flexibility during fiscal years 1995 and 1996.

Finally, the Results Act called for a third set of pilot projects for fiscal years 1998 and 1999 to test performance budgeting—the presentation of varying levels of performance that would result from different budget levels—before requiring it statutorily. OMB is to select at least five agencies, at least three of which had experience developing performance plans during the first pilot phase, to test performance budgeting. By March 31, 2001, OMB is to report to Congress and the president on the pilot test of performance budgeting. OMB's report is to assess the feasibility of performance budgeting as part of the president's budget, recommend whether legislation requiring performance budgets should be proposed, and identify any other recommended changes to the requirements of the Act.

The Results Act Incorporates Lessons From Past Initiatives to Improve Public Sector Performance

The Results Act is the most recent federal government reform initiative designed to better align spending decisions with expected results. Through acquiring better information on the relative efficiency and effectiveness of federal programs and spending, the Act seeks to help federal managers improve program performance. We recently reported on the key design elements and approaches of the Act and compared them with those of past federal initiatives that sought to link resources with results—broadly known as performance budgeting.⁹ Since 1950, the federal government has attempted four governmentwide performance budgeting initiatives: (1) reforms flowing from the first Hoover Commission in its efforts to downsize the post-World War II government; (2) the Planning-Programming-Budgeting-System (PPBS) that President Johnson began in 1965, which introduced a decisionmaking framework to the executive branch budget formulation process by presenting and analyzing choices among long-term policy objectives and alternative ways of achieving them; (3) Management by Objectives (MBO) that President Nixon initiated in 1973, which sought to link agencies' stated objectives to their budget requests and put in place a process to hold agency managers responsible for achieving agreed-upon outputs and results; and (4) Zero-Based Budgeting (ZBB) that President Carter initiated in 1977, which required agencies to set priorities on the basis of the program results that could be achieved at alternative spending levels, one of which was to be below current funding. Even though these reforms were generally perceived as having fallen short of their stated goals, they contributed to the evolution of performance-based measurement and budgeting in the federal government.

The Results Act incorporates critical lessons learned from these previous efforts.

- Where past efforts failed to link executive branch performance planning and measurement with congressional resource allocation processes, the Act requires explicit consultation between the executive and legislative branches on agency strategic plans.
- Where past initiatives devised unique performance information formats often unconnected to the structures used in congressional budget presentations, the Act requires agencies to plan and measure performance using the program activities listed in their budget submissions.
- Where past initiatives were generally unprepared for the difficulties associated with measuring the results of federal programs and often

⁹Performance Budgeting: Past Initiatives Offer Insights for GPRA Implementation (GAO/AIMD-97-46, Mar. 27, 1997).

retreated to simple output or workload measures, the Act states a preference for results-oriented measures while recognizing the need to develop a range of measures, including output and, in some cases, nonquantitative measures.

Leading Organizations Show a Way

The federal government's efforts to become more results oriented are consistent with a broad national and international trend among public organizations. According to the Senate committee report on the Results Act, use of performance measurement was a growing trend in state governments. The report further noted that work done by the Organization for Economic Cooperation and Development suggested that several foreign governments may have been 5 to 10 years ahead of the United States in the development of performance measurement, which was a basic part of their broader efforts to better manage for results. More specifically, these foreign governments set out broad themes to (1) define goals clearly, develop measures, and report on progress; and (2) give managers the flexibility to manage for results by providing them the tools and incentives to act.

At the request of the Senate Committee on Governmental Affairs and the House Committee on Government Reform and Oversight, we reported on a number of state and foreign governments that were successfully pursuing management reform and becoming more results-oriented.¹⁰ We studied the state governments of Florida, Oregon, Minnesota, North Carolina, Texas, and Virginia; and the foreign governments of Australia, Canada, New Zealand, and the United Kingdom. Much like the federal government, a number of these governments were dissatisfied with their public service. Many of them were called upon to improve performance while simultaneously reducing costs. Some faced economic challenges, such as economies dominated by government spending and high budget deficits. Each of these organizations set its agenda for management reform according to its own environment, needs, and capabilities. Yet, despite their differing approaches to reform, these organizations were seeking to become more results oriented.

We were asked by the Senate Committee on Governmental Affairs and the House Committee on Government Reform and Oversight whether the experiences of these and other public organizations could yield worthwhile lessons for executive agencies as they attempt to implement

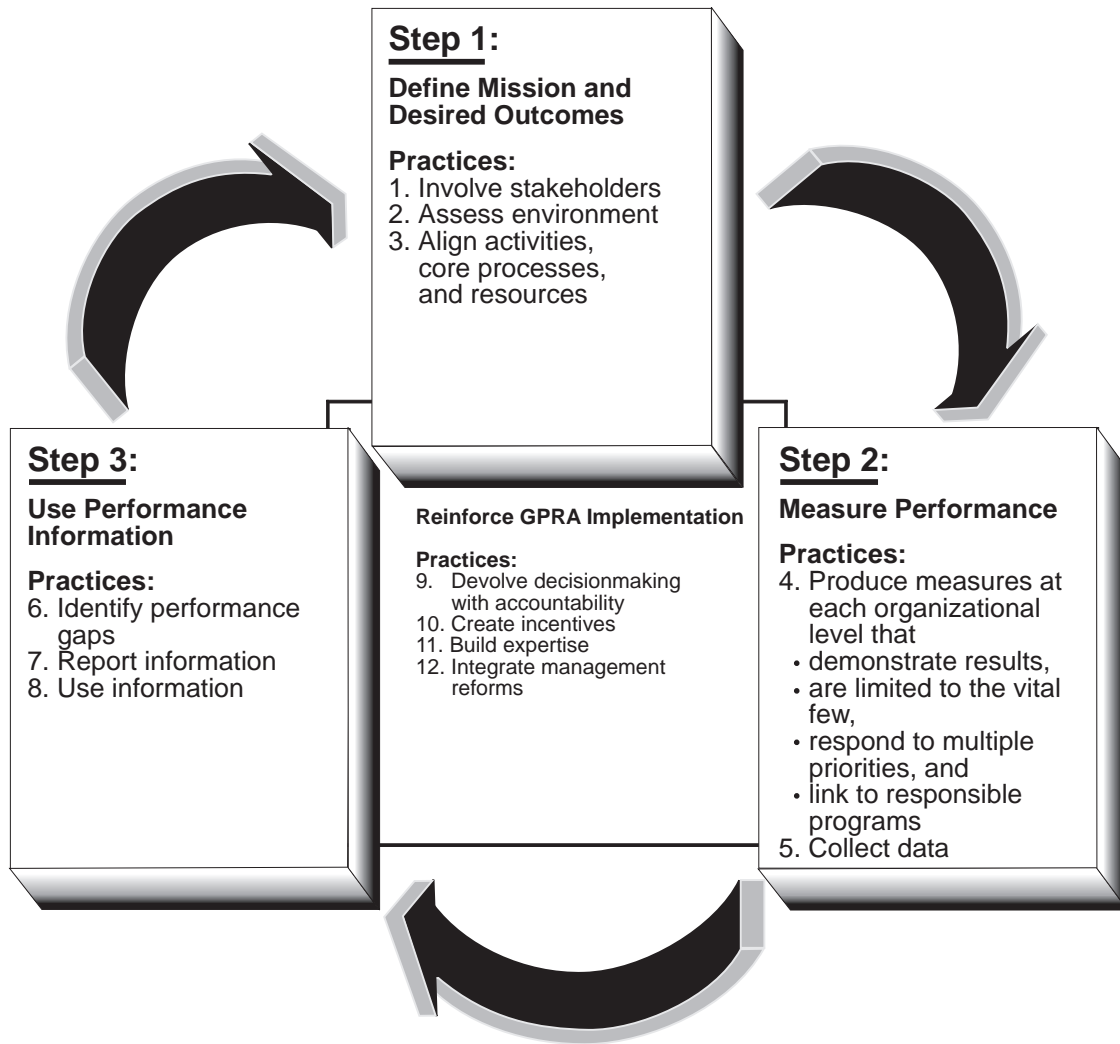
¹⁰Managing for Results: State Experiences Provide Insights for Federal Management Reforms (GAO/GGD-95-22, Dec. 21, 1994); and Managing for Results: Experiences Abroad Suggest Insights for Federal Management Reforms (GAO/GGD-95-120, May 2, 1995).

the Results Act. In response to that request, we issued the Executive Guide: Effectively Implementing the Government Performance and Results Act.¹¹ The Executive Guide identifies a set of key steps and associated practices that leading federal and other public sector organizations have used to successfully implement reform efforts that are consistent with the Results Act. Accompanying the discussion of each practice is a case illustration of a federal agency that has made progress in incorporating that practice into its operations.

Taken together, the key steps and practices drawn from the organizations we studied provide a useful framework to assist Congress and the executive branch as they work to implement the Act. These steps were to (1) define mission and desired outcomes, or results; (2) measure performance to gauge progress; and (3) use performance information as a basis for decisionmaking. In taking these steps, leading organizations also found that certain leadership practices, such as devolving operational authority and creating incentives for managers and staff to focus on results, were central to making the changes needed for the organizations to become more results oriented. Figure 1.1 illustrates the key steps and associated practices.

¹¹GAO/GGD-96-118, June 1996.

Figure 1.1: Key Steps and Critical Practices for Effectively Implementing GPRA



Source: Executive Guide.

Objectives, Scope, and Methodology

As required by the Act, our overall objective was to report to Congress on the implementation of the Act, including the prospects for compliance by executive agencies beyond those participating as pilot projects. More specifically, our objectives for this report were to (1) assess the status of the Results Act implementation efforts; (2) identify significant challenges confronting executive agencies in their efforts to become more results oriented; and (3) describe ongoing efforts to integrate program, cost, and budget information into a reporting framework that allows for fuller consideration of resource allocations, operational costs, and performance results. As agreed with the Senate Committee on Government Affairs and the House Committee on Government Reform and Oversight, our strategy was to partially fulfill our legislative requirement by reporting regularly on the Act and related initiatives throughout the pilot phase of performance planning, measurement, and reporting. This report culminates our efforts to meet this mandate.

To meet each of our objectives, we relied on a wide range of management work we have done for the reports, testimonies, and other products we issued to congressional committees, OMB, and executive agencies on the progress of agencies' efforts to become results oriented. These products include, most recently, the Executive Guide: Effectively Implementing the Government Performance and Results Act (GAO/GGD-96-118, June 1996); GPRA Performance Reports (GAO/GGD-96-66R, Feb. 14, 1996); GPRA: Managerial Accountability and Flexibility Pilot Did Not Work As Intended (GAO/GGD-97-36, Apr. 10, 1997); Managing for Results: Analytic Challenges in Measuring Performance (GAO/HEHS/GGD-97-138, May 30, 1997); Performance Budgeting: Past Initiatives Offer Insights for GPRA Implementation (GAO/AIMD-97-46, Mar. 27, 1997); and numerous congressional testimonies. This work also included detailed examinations of related federal management improvement efforts, in particular the National Performance Review (NPR). In addition, we used products we have issued in recent years on the critical management issues confronting specific agencies, such as the Forest Service and the Department of Energy; program efforts that cut across several agencies, such as federal land management, food safety, and early childhood development programs; and, most prominently, our examination of 25 high-risk areas—those federal areas most vulnerable to waste, fraud, and mismanagement.¹² The Related GAO Products section at the end of this report lists selected reports and congressional testimonies that we issued on the Results Act implementation and related results-oriented management initiatives in pilot and nonpilot agencies.

¹²See, for example, High-Risk Series: An Overview (GAO/HR-97-1, Feb. 1997).

We reviewed OMB circulars, memoranda, and general guidance to executive agencies on a wide range of the Results Act implementation activities, such as the preparation and submission of strategic plans and examples of performance measurement. For selected pilot agencies, we reviewed performance plans and performance reports. For these and nonpilot agencies that we selected to reflect a representative range of federal functions, we also reviewed draft strategic plans and other applicable management documents. To supplement our existing information, we reviewed the American Society of Public Administration's (ASPA) case studies on performance management in the federal government and the National Academy of Public Administration's (NAPA) assessment of the initial pilot performance plans.¹³

To further meet our first two objectives, we sent a questionnaire to a random sample of 1,300 mid-level and upper level civilian managers and supervisors working in the 24 executive branch agencies covered by the CFO Act. These agencies represent about 97 percent of the executive branch full-time workforce and cover over 99 percent of the federal government's net outlay for fiscal year 1996. In reporting this questionnaire data, when we use the term governmentwide, we are referring to these 24 CFO Act agencies; and when we use the term federal managers, we are referring to both managers and supervisors. We drew our sample from the Office of Personnel Management's (OPM) Civilian Personnel Data File (CPDF) as of June 30, 1996, using file designators to identify individuals who perform management and supervisory functions. We restricted our sample to individuals who were in the United States due to the difficulty and time associated with forwarding and receiving mail in some foreign countries.

This sample was stratified by whether the manager was SES or non-SES and by whether the manager was working in an agency or agency component that was designated as a Results Act pilot. The management levels covered general schedule (GS) and general management (GM) levels GS/GM-13 through the career Senior Executive Service (SES). The identification of managers working in pilots was limited to selection from the following 13 Results Act pilots: Defense Logistics Agency, Army Research Laboratory, Social Security Administration, Small Business Administration, Occupational Safety and Health Administration, National Highway Traffic Safety Administration, Forest Service, National Technical Information

¹³See the federal case studies developed at the initiative of ASPA on selected agencies' strategic planning and performance measurement efforts and Toward Useful Performance Measurement: Lessons Learned from Initial Pilot Performance Plans Prepared Under the Government Performance and Results Act, NAPA, Nov. 1994.

Service, National Oceanographic and Atmospheric Administration, Internal Revenue Service, U.S. Mint, Bureau of Engraving and Printing, and the U.S. Customs Service's Office of Enforcement.

Our selection of pilots from which to sample managers was guided by the following requirements: (1) unique CPDF agency component identifier codes that corresponded with the scope or bounds of the Results Act pilot, (2) the pilot designation was made before fiscal year 1996, and (3) the pilot covered 350 or more employees. The first restriction was needed to ensure that any managers who were randomly selected for the pilot strata would be from an agency or agency component that was encompassed in its entirety by the pilot. Because many pilots were aligned according to agency functions or processes and cut across multiple agency components, the CPDF identifier codes could not be reliably used to ensure that a randomly selected manager was working within the scope of the pilot. We also excluded pilots that were designated in fiscal year 1996, because any significant initiatives would have been fairly recent and may not have been sufficiently implemented for any effects to be reflected in questionnaire responses. Small-scale pilots covering fewer than 350 employees were excluded in order to allocate the sample more efficiently, given the resources and time available to do the survey. In general, our selected pilots, 12 of which were designated as pilots in fiscal year 1994, contained a preponderance of pilots that encompassed the whole agency or a major agency component.

Our questionnaire asked managers about their perceptions on such topics as (1) agency mission and goals, (2) ways of measuring performance, (3) the use of performance information now and 3 years ago, (4) hindrances to measuring and using performance information, (5) agency climate, (6) Results Act-related training, (7) knowledge of the Act, (8) involvement in the Act, and (9) improvements seen or expected as a result of implementation of the Act. 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. After designing our questionnaire, we conducted pretests at four federal agencies: the Department of Defense, the Department of Commerce, the Department of Agriculture's Forest Service, and the Department of Justice. In all, 32 federal managers took part in these pretests. The questionnaire was revised after each pretest on the basis of the feedback received.

The survey was initially sent out between November 27, 1996, and January 3, 1997. Managers who did not respond to the initial questionnaire were sent one follow-up questionnaire. Table 1.1 summarizes the disposition of the 1,300 surveys sent to managers originally sampled.

Table 1.1: Analysis of Sample Dispositions

	Number
Total managers sampled	1,300
Selectees deleted from sample ^a	47
Eligible sample	1,253
Unable to identify or locate sample selectee	22
Refused to participate	23
Questionnaires not returned	299
Questionnaires returned, not usable	4
Usable questionnaires returned	905

^aIncludes individuals who were outside the United States, retired, separated, died, or otherwise left the agency or had some other reason that excluded them from the population of interest.

We received usable responses from 72 percent of the eligible sample. The response rate across strata ranged from 61 percent to 88 percent. Although we did not test the validity of the respondents' answers or the comments they made, we took several steps to check the quality of our survey data. We reviewed and edited the completed questionnaires, made internal consistency checks on selected items, and checked the accuracy of data entry on a sample of surveys.

We followed up on a sample of the nonrespondents to assess whether the views of the nonrespondent group differed from the views of those who returned the survey. We selected a stratified, random sample of 101 nonrespondents to telephone and urge them to return their questionnaires. If necessary, they were sent new questionnaires. Nine of these nonresponse sample members returned completed questionnaires before we contacted them. Of the remaining 92 individuals, we determined that 2 were no longer in the population of interest and that various circumstances (e.g., maternity leave) precluded participation by 4 others. Of the 86 individuals we did contact, 51 returned completed, usable questionnaires; 16 refused; 1 returned the questionnaire too late for the data to be included in the analysis; and 18 failed to return the questionnaire. We analyzed the responses of the 51 individuals returning the questionnaire and compared their responses on selected items to those received from all other respondents. Our assessment indicated that across

the selected items and types of analyses performed, the responses of the follow-up group did not demonstrate a sufficient degree of significant and consistent differences to merit separate treatment in subsequent analyses of the questionnaire data. The responses of the 51 individuals were included with all other responses. Appendix I contains a copy of the questionnaire with weighted percentage of managers responding to each item. Percents presented in this report have been rounded to the nearest whole number.

The overall survey results are generalizable to the CFO Act agencies. Results presented for the selected pilots are generalizable only to those pilots, but not to all the other Results Act pilots. All results are subject to some uncertainty or sampling error as well as nonsampling error. Because a complex sample design was needed to support a diverse set of planned analyses and sample size was constrained by the resources and time available to do the survey, it was not possible to employ a sample size that would consistently limit overall sampling error to 5 percent or less at the 95 percent confidence level. In general, percentages reported for the entire sample have confidence intervals ranging from ± 5 percentage points to ± 12 percentage points. In other words, if all CFO Act managers in our population had been surveyed, the chances are 95 out of 100 that the results obtained would not differ from our sample estimate, in the most extreme case, by more than ± 12 percentage points. The magnitude of sampling error will also vary in relation to the particular groups or items being compared. As a result, the magnitude of difference needed to attain statistical significance between groups or items will also vary. 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 be statistically significant. We note throughout the report when differences between groups are significant.

The objectives, scopes, and methodologies of the specific products upon which this report is based are detailed in those products, and, as appropriate, those products contained comments from the relevant agencies. That work was done over the last several years. Our work for this report was conducted between September 1996 and April 1997 in accordance with generally accepted government auditing standards. We requested comments from the Director of OMB because of OMB's responsibilities for designating pilots, overseeing the pilot process, and generally leading the executive branch's Results Act efforts. On May 21

Chapter 1
Introduction

and 22, 1997, senior OMB officials provided technical comments. We have incorporated OMB's technical comments where appropriate.

Progress of the Results Act Implementation Has Been Mixed

Progress in implementing the Results Act has been mixed. The first pilot—on performance planning and reporting—had far more participants than required, although no participants were designated for the second pilot on managerial accountability and flexibility, and the third pilot on performance budgeting likely will be delayed by at least a year. Still, OMB has taken a number of actions to prepare for the implementation of the Act, such as expanding the amount and prominence of performance information that is used during the executive branch budget process. Congress has also taken actions to demonstrate its commitment to the Act and reinforce to agencies the importance that it places on the full and complete implementation of the Act.

Overall, the experiences of the pilot agencies and related efforts in nonpilot agencies show that substantial improvements in performance are possible—even in the short term—when organizations adopt a disciplined approach to setting goals, measuring performance, and using performance information to improve effectiveness. However, after 3 years of piloting the Act, the reported examples of substantial performance improvements still are fairly isolated, and many agencies do not appear to be well-positioned to provide a results-oriented answer to the fundamental Results Act question: What are we accomplishing?

Federal managers report that results-oriented performance measures often do not exist. As a result, it is not surprising that managers also report that results-oriented performance information frequently is not used to make important decisions affecting their agencies and programs, even when performance information is available.

The Number of Performance Planning and Reporting Pilots Exceeded the Results Act Requirements

The number of the performance planning and reporting pilots exceeded the Act requirements, thereby giving a large number of organizations a head start on the Results Act implementation and providing a rich body of experience for nonpilot organizations to draw upon.¹ For the first set of pilot projects, the Act required OMB to select at least 10 agencies to pilot the performance planning and reporting requirements for 1 or more of an agency's major functions and operations during fiscal years 1994 through 1996. However, a total of 77 pilot projects, including both entire agencies—e.g., the Defense Logistics Agency (DLA), the Internal Revenue Service (IRS), and the Social Security Administration (SSA)—and programs—e.g., the Department of Veterans Affairs (VA) Loan Guaranty

¹During the pilot phase, GAO and others issued various assessments of pilot agencies. See, for example, [GAO/GGD-96-66R](#), February 14, 1996, and the federal case studies developed at the initiative of ASPA on selected agencies' strategic planning and performance measurement efforts.

Program, participated at some point during this first pilot. When this part of the pilot phase concluded at the end of fiscal year 1996, a total of 68 pilots representing 28 agencies were project participants.

The pilots represented a wide range of government activities and functions. For example, the first set of pilot projects included military operations, such as those conducted by the Air Force Air Combat Command in the Department of Defense (DOD); regulatory programs, such as those conducted by the Occupational Safety and Health Administration (OSHA) in the Department of Labor; intergovernmental programs, such as those conducted by the Office of Child Support Enforcement (OCSE) in the Department of Health and Human Services (HHS); and businesslike functions, such as those conducted by the U.S. Mint in the Department of the Treasury.

Managerial Accountability and Flexibility Pilot Effort Did Not Work as Intended

The Results Act required OMB to select a second set of pilot projects during fiscal years 1995 and 1996 in order to determine the effects of providing managers of federal programs with increased managerial flexibility in exchange for the greater accountability for performance. The Act required OMB to designate at least five agencies from the first set of pilot projects on performance planning and reporting to participate in the second pilot on managerial accountability and flexibility. However, we found that the managerial accountability and flexibility pilot did not work as intended.² OMB did not designate as pilot projects any of the 7 departments and 1 independent agency that submitted a total of 61 waiver proposals.

We found that three major factors contributed to the failure of the managerial accountability and flexibility pilot to work as intended. First, changes in federal management practices and laws that occurred after the Act was enacted affected agencies' need for the managerial flexibility waivers. For example, the Federal Workforce Restructuring Act of 1994 established a new personnel ceiling for all of the executive branch, which effectively limited OMB's ability to waive agency personnel ceilings established in the budget. Second, agencies could use other, less rigorous, means to obtain waivers from administrative requirements, such as the administration's NPR reinvention labs, which were designed to test ways that agencies could improve their performance and customer service by reengineering work processes and eliminating unnecessary regulations. Third, unlike its proactive approach to the first set of pilots, OMB did not

²GPRA: Managerial Accountability and Flexibility Pilot Did Not Work As Intended (GAO/GGD-97-36, Apr. 10, 1997).

work actively with agencies that were seeking to take part in the managerial accountability and flexibility pilot. For example, OMB's feedback to agencies concerning their waiver proposals for consideration as pilots was very limited. This contrasted directly with the approach that OMB took with the performance planning and reporting pilots, for which it issued a summary assessment of the 1994 performance plans, including the strengths, weaknesses, and additional actions agencies needed to take to improve these plans.

Performance Budgeting Pilots Likely to Be Delayed

OMB is also to select a third set of pilot projects to test performance budgeting for fiscal years 1998 and 1999. Under the test, pilot agencies are to prepare performance budgets, which are to provide Congress with information on the direct relationship between proposed program spending and expected program results. The Senate committee report on the Results Act said that the performance budgeting pilots are to begin "only after agencies had sufficient experience in preparing strategic and performance plans, and several years of collecting performance data."³ Because of this and because it recognizes the importance of concentrating on governmentwide Results Act implementation in fiscal year 1998, OMB has indicated that these pilots will be delayed for at least a year. As envisioned under the Act, performance budgets must show the effects on performance of marginal changes in funding. According to OMB, few agencies currently have either sufficient baseline performance or financial information or the ability to use sophisticated analytic techniques to calculate the effects on performance of marginal changes in funding. According to OMB, delaying the performance budgeting pilots will provide agencies time to develop needed information and abilities.

OMB Actions to Prepare the Executive Branch for the Results Act Implementation

In the nearly 4 years since the passage of the Results Act, OMB has sought to expand the amount and prominence of performance information within the executive branch budget process. For example, our 1995 review of budget documents and interviews with OMB staff 1 year after OMB 2000—a major April 1994 reorganization and process change in OMB—indicated that there was greater attention paid to agency management issues and the use of performance information in the fiscal year 1996 budget process than there had been in the fiscal year 1995 process.⁴ Whereas the fiscal year 1995 documents discussed streamlining primarily in terms of the number

³S. Rep. No. 58, 103d Cong. 1st Sess. p. 38. (1993).

⁴Office of Management and Budget: Changes Resulting From the OMB 2000 Reorganization (GAO/GGD/AIMD-96-50, Dec. 29, 1995).

of positions to be eliminated, the fiscal year 1996 documents also included discussions about how proposed staff reductions could affect the agency's performance.

We reported that OMB continued to expand its focus on performance measures and information during the fiscal year 1997 budget preparation process. Between March and June 1995, OMB held a "Spring Review" as a prelude for development of the fiscal year 1997 budget that was intended to help OMB and agencies work together to identify useful performance information. OMB conducted a "Summer Review" in July 1996 that examined the status of agencies' strategic planning efforts. Guidance from OMB to executive agencies stated that the review would focus on the adequacy, relevance, and appropriateness of their mission statements and their strategic goals.

The 1996 "Fall Review," according to OMB, was intended to produce agreement between OMB and the agencies on the performance goals and measures that agencies would include in their fiscal year 1999 annual performance plans. OMB's most recent effort, which was under way in the spring of 1997, was its strategic assessment initiative. The purpose of this initiative, which focused on agencies' goals, commitments, and main priorities, is to assist agencies in the preparation of their strategic plans and annual performance plans that are due in September 1997.

To help ensure the success of the Results Act, the CFO Council, chaired by OMB's Deputy Director for Management, established a GPRA Implementation Committee.⁵ The Committee provides guidance and information to CFOs and managers in the 24 agencies covered by the CFO Act. The Committee, concluding that uncertainty or fear of failure may immobilize an agency's efforts to implement the Act and that its implementation is evolutionary in that proficiency comes with time and experience, has been actively working to assist federal managers with the implementation of the Act. As part of that effort, the Committee published a set of guiding principles and key issues for implementing the Act.⁶ More recently, the Committee issued a user guide to help federal managers meet the Results Act requirements and, among other things, develop a framework for using performance

⁵The CFO Council was created by the CFO Act to provide the leadership foundation necessary to effectively carry out the responsibilities of executive agency CFOs.

⁶Implementation of the Government Performance and Results Act (GPRA), A Report on the Chief Financial Officer's Role and Other Issues Critical to the Governmentwide Success of GPRA, Chief Financial Officers Council, GPRA Implementation Committee, May 1995.

information in making budget decisions.⁷ The Committee also has undertaken a number of training efforts for federal managers, including sponsoring a conference on the Act in the fall of 1996 and developing a training package. The purpose of the training package, which was provided to executive agencies, was to build awareness and support for the Act among political appointees and senior career staff.

Congressional Commitment to the Results Act Is Reflected in Its Increased Involvement and Activities

Congressional involvement is critical to sustain the momentum of the Results Act implementation and to reinforce to agencies the importance that Congress places on the successful and thorough implementation of the Act. We testified in March 1996 that officials in some pilot agencies believed Congress' interest in the Act was limited since, for example, Congress seldom asked about the implementation of the Act in their agencies.⁸ However, as the date for governmentwide implementation has approached, Congress has signaled its strong commitment to the Act through periodic hearings and other actions. Most prominently, on February 25, 1997, the Speaker of the House, the House Majority Leader, the Senate Majority Leader, and key committee chairmen from the House and the Senate sent a letter to the Director of OMB. The letter underscored the importance that the congressional Majority places on the implementation of the Results Act, noted a willingness on the part of Congress to work cooperatively with the administration, and established expectations for consultations. Building on its commitment to the Act, Congress has begun to consult with agencies on their strategic plans. In the House, the Majority's consultation effort is being led by teams consisting of staff from various committees that are focusing on specific agencies. These teams have been reaching out to agencies to review and comment on agencies' strategic plans.

Some Agencies Reported Improved Performance

The Results Act pilot phase has shown that short-term, substantial program improvements are possible when organizations adopt a disciplined approach to setting goals, measuring performance, and using performance information to improve effectiveness, although the reported examples of substantial performance improvements still are limited, as is to be expected at this early stage of implementation. For example, as highlighted in our Executive Guide, the Coast Guard reexamined its

⁷Integrating Performance Measurement into the Budget Process: A User Guide to Multiple Ideas, Practices, Formats, Processes, Steps, and One Model Tying Everything Together, Chief Financial Officers Council, GPRA Implementation Committee, Jan. 21, 1997.

⁸Managing for Results: Achieving GPRA's Objectives Requires Strong Congressional Role (GAO/T-GGD-96-79, Mar. 6, 1996).

mission and shifted the focus of its marine safety program from regulation to one that includes education.⁹ This change contributed to a significant decline in the towing industry fatality rate—from 91 per 100,000 industry employees in 1990 to 27 per 100,000 in 1995. Similarly, the Veterans Health Administration improved services to veterans by more rigorously assessing the results of the medical care it provides to the nation's veterans. In particular, the Veterans Health Administration reported that it used performance information to target the most important improvement opportunities and thereby lowered the mortality rate for cardiac procedures by an average of 13 percent over the last 8 years.

We also have identified other examples of agencies that have reported improvements to their operations. SSA has had a single, national toll-free number as an alternative to field office contact for conducting simple business since 1989. On the basis of customer feedback indicating that this convenient telephone service was important to the public, yet had persistently high busy rates, SSA took several steps to increase public access, including doubling the trained and available workforce to answer 800-number calls. Primarily as a result of the workforce increase, the busy rate decreased from 49 to 34 percent, and the percentage of calls that were answered within 5 minutes increased from 74 to 83 percent from fiscal years 1995 to 1996.¹⁰

DLA shows how an agency can make substantial improvements in its service to its customers and inventory management. DLA's reengineering efforts for its delivery and supply processes focused not only on saving time but also on lowering costs, two results valued by its customers. DLA focused on improved partnerships between suppliers and its customers, primarily DOD facilities. According to DLA, this overall focus enabled it to reduce the delivery time of nearly all medical supplies from 30 days in 1993 to within the current 24 hours; at the same time, it reduced prices by 35 percent. DLA also reported that it is providing Internet ordering of primarily electronics parts, which took from 35 to 40 days from purchase to receipt prior to 1996 and now takes from 3 to 5 days, with an estimated savings of \$500 million over 10 years. DLA further reported that it avoided inventory holding and storage costs of \$95.7 million in fiscal year 1995, with a projection of an additional \$353 million over the next 5 years. DLA's initiatives have had departmentwide impact. We estimated in March 1997 that between September 1991 and September 1996, DOD reduced its

⁹GAO/GGD-96-118, June 1996.

¹⁰Social Security Administration: Significant Challenges Await New Commissioner (GAO/HEHS-97-53, Feb. 20, 1997).

pharmaceutical, medical, and surgical inventories and associated management costs by about \$714 million.¹¹

The Food and Drug Administration (FDA) is allowed to collect user fees from drug companies seeking approval to market drugs under the Prescription Drug User Fee Act of 1992. The law dedicates the revenues to expediting FDA's reviews of human drug applications and incorporated time-specific performance goals that FDA is to meet by the end of fiscal year 1997. To satisfy these objectives, FDA consulted with its stakeholders to determine appropriate performance measures and target levels of performance and developed output-oriented performance goals. FDA reported that the program had exceeded its performance goals, improving the speed and efficiency of the drug review process.¹² Specifically, the median time taken to approve 53 applications for human drugs that have not been marketed in the United States before was 14.3 months in fiscal year 1996. In comparison, in 1993, which was the beginning of the program, FDA approved only 25 applications, and the median approval time was about 23 months.

The U.S. Mint, as one part of its mission, manufactures and markets numismatic and commemorative coins and products. Before 1994, the Mint estimated it took from 8 weeks to about 27 weeks to fill customers' orders for coins. Because of the number of customer inquiries about the status of their orders, the Mint learned that the time it took to fill orders was a problem. Subsequently, the Mint set goals and reduced the time to fill orders. As of January 1997, 97 percent of the orders were filled within 4 weeks. Also, the time for customers to get replacements has declined—from 47 to 7 days—from October 1995 to October 1996.

Managers Reported Results-Oriented Performance Measures and Their Use Was Limited

Although agencies have reported selected instances where they have used results-oriented performance information to make important improvements in performance, federal managers reported to us that overall, results-oriented performance measures often were not available, and such information was not frequently used to help make important decisions affecting their programs and agencies. According to our survey, although 76 percent of federal managers governmentwide reported that the programs, operations, or projects they were involved in had

¹¹Defense Inventory Management: Problems, Progress, and Additional Actions Needed (GAO/T-NSIAD-97-109, Mar. 20, 1997).

¹²Department of Health and Human Services: Management Challenges and Opportunities (GAO/T-HEHS-97-98, Mar. 18, 1997).

performance measures, such measures typically were not results oriented. That is, the measures failed to help answer an essential question, “Is this program accomplishing its intended results and contributing to the achievement of the agency’s strategic goals and mission?”

**Managers Reported
Limited Results-Oriented
Performance Measurement**

In crafting the Results Act, Congress recognized that congressional and agency decisionmaking often had been hampered by the absence of sound information on the results of federal programs. In the past, to the extent performance information was collected, agencies generally collected information primarily on such things as the amount of dollars received and spent, staffing levels, and the number of activities performed. Although such information is valuable for program management and accountability, it does not present a complete picture of the results of the federal effort. Our more recent work has confirmed that results-oriented performance information still does not exist as often as it should. For example, the Department of Housing and Urban Development’s (HUD) Public Housing Management Assessment Program has a system that collects data, such as outstanding work orders and uncollected rents, to measure the performance of housing authorities. However, the system does not collect data on housing quality or the quality of maintenance, which are essential for assessing the results that housing authorities are achieving and for determining which housing authorities are performing well or poorly.¹³

Our survey of federal managers suggests that these are not isolated occurrences of a lack of performance information in federal agencies. Table 2.1 shows that, according to our survey, 32 percent of federal managers said that, to a great or very great extent, they have the types of performance measures that would demonstrate whether their programs or operations were achieving their intended result. The table also shows that 38 percent or less of federal managers reported having, to a great or very great extent, other important performance-related information, such as efficiency and quality measures.

¹³Public Housing: HUD Should Improve the Usefulness and Accuracy of its Management Assessment Program (GAO/RCED-97-27, Jan. 29, 1997).

**Chapter 2
Progress of the Results Act Implementation
Has Been Mixed**

Table 2.1: Percent of Federal Managers Who Reported Their Programs Have Various Performance Measures and Recollect They Had Such Measures 3 Years Ago

Measures that	Percent of federal managers reporting to a great or very great extent they had or have these types of measures		
	3 years ago	Currently	Difference ^a
would demonstrate to someone outside their agencies whether or not they are achieving their intended results	19	32	+13
tell whether or not they are satisfying their customers	11	32	+21
tell about the quality of the products or services they provide	19	31	+12
tell how many things they produce or services they provide	27	38	+11
tell if they are operating efficiently	17	26	+ 9

^aAll differences are statistically significant.

Source: GAO survey data.

Despite the lower percentage of federal managers reporting that their programs or operations have performance-related measures to a great or very great extent, there were statistically significant increases in the percent of federal managers reporting the existence of these types of measures over what they recollected the situation to have been 3 years ago. For example, when asked to recollect what the situation was 3 years ago, 19 percent of federal managers reported that, to a great or very great extent, they had results-oriented measures, compared to 32 percent who reported that they had such measures today. This represents a 13 percentage point change over what federal managers perceived the situation to have been 3 years ago, suggesting that results-oriented performance information, which is essential to the success of the Results Act, is becoming more widely available.

According to federal managers' responses to our survey, it appears that agencies are making the greatest change in developing measures for assessing customer satisfaction. When asked to recollect what the situation was 3 years ago, 11 percent of federal managers governmentwide reported that, to a great or very great extent, they had measures for assessing customer satisfaction. However, 32 percent of federal managers reported that, to a great or very great extent, they currently had such measures. This represents a 21 percentage point change. This reported

change in agencies' efforts to measure customer satisfaction may be a reflection of agencies' efforts to comply with Executive Order No. 12862, September 1993, which required agencies to establish and implement customer service standards to guide their operations.

Managers Reported Limited Use of Results-Oriented Performance Information

Given the limited reported availability of results-oriented information, it is not surprising that federal managers also reported limited use of such information to make decisions affecting their programs and agencies, as shown in table 2.2.

Table 2.2: Percent of Federal Managers Reporting Extent to Which Results-Oriented Performance Information Is Used Currently and Compared to 3 Years Ago

Results-oriented performance information	Percent of federal managers reporting use to a great or very great extent		
	3 years ago	Currently	Difference
used by the agency to help develop its budget	16	21	+5 ^a
used as the basis for funding decisions	14	20	+6 ^a
used as the basis for legislative changes	9	13	+4 ^b
used as the basis for program changes by management above respondent	12	16	+4 ^a

^aStatistically significant.

^bApproaches statistical significance.

Source: GAO survey data.

Table 2.2 shows that federal managers reported some improvements over what they recollected the situation to have been 3 years ago. Although these improvements are statistically significant for most of the uses shown in the table, these improvements have been modest.

The reported use of results-oriented performance information to help make key decisions was not high even among federal managers who reported that they had performance measures that demonstrate their programs are achieving intended results, to a great or very great extent. At most, 37 percent these federal managers reported that results-oriented performance information was used to a great or very great extent. Table 2.3 shows these results.

**Chapter 2
Progress of the Results Act Implementation
Has Been Mixed**

Table 2.3: Percent of Federal Managers Reporting Use of Performance Information to a Great or Very Great Extent Among Managers With Performance Measures Demonstrating Achievement of Results to a Great or Very Great Extent

Results-oriented performance information	Percent of federal managers reporting use to a great or very great extent^a
used by the agency to help develop its budget	37
used as the basis for funding decisions	34
used as the basis for legislative changes	21
used as the basis for program changes by management above respondent	31

^aAll percentages of use are statistically significant and higher compared to respective percentages of use for all other managers.

Source: GAO survey data.

Conclusions

The Results Act performance planning and reporting pilot phase provided many agencies with important experience in meeting key requirements of the Act. These experiences, along with OMB's efforts to work with agencies on the Act, suggest that most agencies are likely to meet the upcoming statutory deadlines for producing initial strategic plans and annual performance plans. More importantly, the experiences of the pilot agencies and related efforts by nonpilot agencies show that substantial improvements in performance are possible when organizations adopt a disciplined approach to setting goals, measuring performance, and using performance information to improve effectiveness.

However, the pilot phase also underscored how far organizations still have to progress in the development and use of results-oriented performance information. Although there has been progress over the last 3 years, agencies still have not developed the information necessary to determine whether their programs are accomplishing their intended results. Even in those instances where agencies have results-oriented information, agencies are generally not using the information to a great extent to make decisions affecting their programs. The subsequent chapters will detail that agencies face a number of formidable challenges in establishing clear missions and results-oriented goals, measuring their performance, building the organizational cultures needed to sustain a focus on results, and linking performance plans to the budget process.

Unclear Agency Missions and Goals Will Challenge Results Act Implementation

Reaching a reasonable degree of consensus on coordinating the missions and goals of individual agencies that are involved in crosscutting program areas and balancing individual agencies' multiple strategic goals can raise contentious policy issues that may not be easily resolved. The Results Act, with its focus on results and requirement for consultation, can help Congress and the executive branch clarify over the long term these management issues confronting federal agencies.

Our work has shown that Congress' and the executive branch's approach to addressing national issues has, in many cases, resulted in overlap and fragmentation in federal program efforts. Coordinating these program efforts will take time and may, in some instances, require legislative action. Moreover, many agencies confront competing demands that are a natural by-product of the complex social and political environment in which programs are created, funded, and managed. Balancing these demands will continue to be an ongoing process for federal agencies.

Efforts under the Results Act will not answer questions about whether the crosscutting program efforts should be consolidated or reorganized or about the best balance for competing priorities. Those are policy decisions that should appropriately consider many factors, including program performance. However, congressional consultations on agencies' strategic plans provide an ongoing opportunity for Congress and the executive branch to work together to identify the extent and potential consequences of overlap and fragmentation in federal program efforts and to identify the performance trade-offs associated with striking different balances of competing demands.

Crosscutting Federal Programs Pose Challenge for Results Act Implementation

Although federal programs have been designed for different purposes or targeted for different population groups, coordination among federal programs with related responsibilities is essential to efficiently and effectively meet national concerns. Uncoordinated program efforts can waste scarce funds, confuse and frustrate program customers, and limit the overall effectiveness of the federal effort. A focus on results, as envisioned by the Results Act, 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. Although some initiatives are under way in

this regard, fully coordinating federal programs will take time and require sustained attention.

Our work has shown that as the federal government has responded over time to new needs and problems, many federal agencies have been given responsibilities for addressing the same or similar national issues.¹ Of the 18 federal missions or areas of national need described as budget functions, 14 were addressed by more than 1 executive branch department or major agency in fiscal year 1996, such as health, international affairs, and justice. Six of the national missions, including education, income security, and commerce and housing credit were addressed by six or more executive branch departments and major agencies. Some of this shared responsibility was intended to recognize that addressing some issues from a national perspective would necessarily involve more than one federal agency or more than one approach. For example, we have reported that multiagency initiatives to address environmental concerns recognize that many programs can have an impact on the environment.²

However, in many program areas—such as in food safety, employment training, early childhood development, at-risk and delinquent youth programs, federal land management, and national laboratories—our work suggested that significant overlap and fragmentation existed in the federal response to national needs and problems.³ For example, in 1995 we testified on the Department of Education’s programs that provided loans and grants to students to help finance their higher education.⁴ We found that although the student loan and Pell grant programs provided the majority of federal financial aid to students for postsecondary education, another 22 smaller programs were targeted to specific segments of the postsecondary school population, such as prospective students from disadvantaged families or women and minorities who are underrepresented in graduate education. These 22 programs were

¹Budget Issues: Fiscal Year 1996 Agency Spending by Budget Function ([GAO/AIMD-97-95](#), May 13, 1997); and Government Restructuring: Identifying Potential Duplication in Federal Missions and Approaches ([GAO/T-AIMD-95-161](#), June 7, 1995).

²Restoring the Everglades: Public Participation in Federal Efforts ([GAO/RCED-96-5](#), Oct. 24, 1995); and Ecosystem Management: Additional Actions Needed to Adequately Test a Promising Approach ([GAO/RCED-94-111](#), Aug. 16, 1994).

³Government Reorganization: Issues and Principles ([GAO/T-GGD-AIMD-95-166](#), May 17, 1995); At-Risk and Delinquent Youth: Multiple Federal Programs Raise Efficiency Questions ([GAO/HEHS-96-34](#), Mar. 6, 1996); Federal Land Management: Streamlining and Reorganization Issues ([GAO/T-RCED-96-209](#), June 27, 1996); and Federal R&D Laboratories ([GAO/RCED/NSIAD-96-78R](#), Feb. 29, 1996).

⁴Department of Education: Information on Consolidation Opportunities and Student Aid ([GAO/T-HEHS-95-130](#), Apr. 6, 1995); and Department of Education: Opportunities to Realize Savings ([GAO/T-HEHS-95-56](#), Jan. 18, 1995).

collectively funded at \$1.1 billion for fiscal year 1995. We concluded that these smaller grant programs may be considered candidates for consolidation—with other larger programs or among themselves—with no adverse impact on students' access to postsecondary education and that the federal government could anticipate administrative savings of 10 percent each year, or a total of \$550 million in budget authority (adjusted for inflation) over 5 years.⁵

Similarly, we reported in 1995 on the federal programs that assisted urban communities and their residents through a complex system involving multiple federal agencies.⁶ At that time, the Catalog of Federal Domestic Assistance listed 342 economic development-related programs administered by 13 agencies.⁷ These programs were in the areas of housing, economic development, and social services. We reported that considered individually, many of these programs may have made sense. However, the proliferation of federal programs and the lack of coordination among agencies could impose a burden on local organizations that attempted to piece together programs to serve their communities. In particular, the neighborhood organizations we studied found it burdensome to manage multiple programs with individual funding streams, application requirements, and reporting expectations.

Efforts Are Under Way to Coordinate Crosscutting Programs

In recent years, a number of efforts have been undertaken to coordinate federal programs to help ensure that national needs are being effectively targeted. These efforts—some of which were started before the Results Act—have shown that coordinating crosscutting programs takes time and requires sustained attention. Moreover, because of the statutory bases of crosscutting programs, congressional involvement is often needed to integrate the federal response to national needs.

Within the executive branch, federal agencies have initiated several efforts to address crosscutting issues. As of March 1997, about 25 interagency groups had been formed to discuss common concerns in crosscutting issues, including the Federal Credit Policy Working Group, the Research

⁵Addressing The Deficit: Budgetary Implications of Selected GAO Work for Fiscal Year 1998 ([GAO/OCG-97-2](#), Mar. 14, 1997).

⁶Economic Development Programs ([GAO/RCED-95-251R](#), July 28, 1995); and Community Development: Comprehensive Approaches and Local Flexibility Issues ([GAO/T-RCED-96-53](#), Dec. 5, 1995).

⁷The Catalog of Federal Domestic Assistance is a governmentwide compendium of federal programs, projects, services, and activities coordinated by OMB and compiled by the General Services Administration.

Roundtable, and the Interagency Regulatory Reinvention Forum, among others.⁸ Typically, these groups were sponsored by a lead agency and provided a forum for agency officials to discuss informally a wide range of concerns, such as goal-setting and performance measures, but not full coordination of program efforts. The Federal Credit Policy Working Group worked on appropriate goals and performance measures for credit programs. The Research Roundtable produced a paper on the challenges of developing and reporting performance measures for research programs. The Interagency Regulatory Forum discussed common concerns among regulatory agencies, including identifying customers and conducting customer service surveys. Although these agency forums have provided an important opportunity for agencies to work together to address common concerns in goal-setting and performance measurement, they have not generally attempted to coordinate crosscutting program efforts. Thus, despite these initiatives, during its review of major portions of agencies' strategic plans in the summer of 1996, OMB concluded that on the whole, there was little sign of significant coordination among agencies.

Addressing the overlap and fragmentation in federal program efforts often requires congressional involvement. In particular, legislative action can ensure that the goals and measures of existing programs are coordinated to meet federal needs. For example, Congress incorporated Healthy People objectives for the year 2000 into national legislation. Started in 1979, Healthy People is a series of outcome-based public health objectives and measures developed and updated each decade by the U.S. Public Health Service in consultation with other federal agencies, state governments, and national organizations. The year 2000 objectives succeeded the 1990 health objectives that were set in 1980. The Public Health Service has started planning for the 2010 health objectives. Over time, Congress has required three federal programs to incorporate Healthy People objectives for the year 2000 into their goals; and in one of those programs, it has linked resource allocations to Healthy People objectives. The first, in 1989, was the requirement that the Maternal and Child Health Block Grant Program, Title V of the Social Security Act, report on the progress made by states toward accomplishing Healthy People objectives on maternal and child health. The Indian Health Care Improvement Act, as amended in 1992, created an annual reporting requirement for the Indian Health Service to inform Congress on the health status of American Indians and Alaska Natives. In addition, the 1992 authorization of the

⁸Information provided by Carl J. Metzger, Management Systems International, Inc., Washington, D.C., March 1997.

Preventive Health and Health Services Block Grant program linked the state grant-funded activities to Healthy People objectives.

However, the mere existence of a legislated coordinating mechanism does not ensure success, and sustained effort is required to build consensus on common goals and how best to coordinate approaches. For example, the Office of National Drug Control Policy (ONDCP), established in 1988 by law, is responsible for producing the national drug control strategy and coordinating its implementation with other federal agencies. Given the complexity of drug control efforts and the fragmentation of the approach to the national drug control strategy among more than 50 federal agencies, we have endorsed the need for a central planning agency, such as ONDCP, to coordinate the nation's efforts and recommended its reauthorization for a finite period of time.⁹ However, our work has shown that despite some successes, international drug control efforts have not materially reduced the availability of drugs in the United States.¹⁰ One reason was a lack of ways to tell whether or how well counternarcotics efforts were contributing to the goals of the national strategy. Consistent with the intent of the Results Act, we recommended that ONDCP complete a long-term plan with meaningful performance measures and multiyear funding needs that were linked to the goals and objectives of the international drug control strategy. Such a plan would provide managers and policymakers with the information to make more informed decisions on prioritizing funding levels based on performance and results. ONDCP concurred with our recommendation. In February 1997, ONDCP proposed a 10-year strategy with five major goals—including “break foreign and domestic drug sources of supply”—as the basis for a long-term national effort and stated that it will continue to work on a 5-year drug control budget concept. ONDCP is making progress toward developing performance targets and measures for each of its goals.

Balancing Goals Is Complicated by Competing Demands

Federal agencies often face a variety of competing priorities that force congressional and executive branch decisionmakers to balance public expectations, cost, quality, and other factors. These multiple priorities, which in many cases are built into the intent and design of an agency or program, constitute one of the primary challenges to public sector

⁹Drug Control: Reauthorization of the Office of National Drug Control Policy (GAO/T-GGD-97-97, May 1, 1997); and Drug Control: Observations on Elements of the Federal Drug Control Strategy (GAO/GGD-97-42, Mar. 14, 1997).

¹⁰Drug Control: Long-Standing Problems Hinder U.S. International Efforts (GAO/NSIAD-97-75, Feb. 27, 1997).

goal-setting because priorities continually need to be balanced; otherwise, one or two priorities may be inappropriately overemphasized at the expense of others.

According to our survey, nearly half of the federal managers reported that reconciling differing congressional views and the views of other parties on an agency's mission and strategic goals has been, or will be, somewhat to very difficult. A greater proportion of federal managers from the Results Act pilots that we were able to isolate from our survey reported difficulty, suggesting that as agencies gain experience with the Results Act they will come to better appreciate the need for, and difficulty of, reconciling competing views. Fifty-eight percent of managers in selected Act pilots reported that reconciling differing congressional views has been or will be somewhat to very difficult, compared to 46 percent of federal managers in all other agencies. Similarly, 59 percent of managers in selected Results Act pilots reported that reconciling the views of other parties has been or will be somewhat to very difficult, compared to 48 percent of federal managers in all other agencies. The differences between the managers in selected Results Act pilots and federal managers in all other agencies for reconciling differing congressional views and the views of other parties are statistically significant.

We have identified numerous examples of agencies that can benefit from using the Results Act to help them better balance competing priorities and thereby improve their effectiveness. For example, we reported in April 1997 that the Forest Service had been increasingly shifting the emphasis of its efforts from producing timber to sustaining wildlife.¹¹ This shift was taking place in reaction to requirements in planning and to environmental laws and their judicial interpretation—reflecting changing public values and concerns—together with social, ecological, and other factors. However, we noted the demand for recreation is also expected to grow and may increasingly conflict with sustaining wildlife and producing timber. We found that the disagreement both within the Forest Service and among key external stakeholders, including Congress, on how the Forest Service is to resolve conflicts or make choices among competing uses on its lands had seriously undermined its ability to establish the goals and performance measures needed to ensure its accountability. Until general agreement is reached, we believe the Forest Service's decisionmaking will continue to be inefficient and ineffective.

¹¹Forest Service Decision-Making: A Framework for Improving Performance (GAO/RCED-97-71, Apr. 29, 1997).

Our ongoing work examining federal credit agencies identified multiple competing priorities as a challenge in setting results-oriented goals for those programs. Agency officials told us that on the one hand, they are expected to increase program service while also reducing program costs and minimizing default rates. However, these programs were designed to offer credit to a population that the private sector would consider high-risk. For example, to be eligible for a rural housing loan, the borrower must be ineligible to get credit from any other source. Therefore, the target population may be more likely to default on a loan.

The need to identify and balance competing demands can be especially complicated in cases where an agency lacks an integrated legislative mission. For example, the Environmental Protection Agency (EPA) was established in 1970 under a presidential reorganization plan in response to concerns over protecting public health as well as air, water, and land resources. Since then, as environmental threats were identified, Congress gave EPA responsibility for implementing over a dozen environmental laws. We reported in May 1995 that because it did not have an overarching legislative mission and its environmental responsibilities had not been integrated, EPA had not been able to target its resources to reduce the greatest risks to human health and the environment.¹² EPA has been working with state governments, industry, environmental groups, and other interested parties since 1992 to select the most appropriate national environmental goals. Building on these goals, EPA is also ranking the relative risk of environmental problems to help identify the most appropriate goals for the agency.

Congressional Consultations Provide Mechanism for Identifying and Addressing Crosscutting Issues and Seeking to Balance Priorities

The Results Act requirement that agencies consult with Congress in developing their strategic plans presents an important opportunity for congressional committees and the executive branch to work together to identify the extent and the potential consequences of overlap and fragmentation of federal program efforts.¹³ As agencies work with congressional committees on developing, and subsequently updating, their strategic plans, they can identify legislative changes that may be needed to clarify congressional intent as well as legislative adjustments to better ensure an effective, coordinated response to national issues. The consultation process should also be helpful to agencies in addressing key management issues, such as identifying multiple priorities, reaching a

¹²Environmental Protection: Current Environmental Challenges Require New Approaches (GAO/T-RCED-95-190, May 17, 1995).

¹³GAO/T-GGD-96-79, March 6, 1996.

workable agreement on priorities, and then establishing results-oriented goals to reflect the balance struck among those priorities. The requirement for consultations is also perhaps the Results Act's most significant challenge, because consultations will likely raise contentious policy issues that are inherent in the political process.

We testified in February 1997 that although no single set of best practices has yet emerged for the Results Act consultation process, making consultations most useful would require that both Congress and agencies be actively engaged in the effort.¹⁴ On the whole, the House committee staff we spoke with stressed the very limited nature of the meetings with agencies that had taken place through February 1997. Rather than consultations, House staff characterized the meetings as briefings, preconsultations, or preliminary consultations. As of April 30, 1997, however, some House Majority committee staff we spoke with had expressed concern that in their view, not enough agencies had provided draft strategic plans for consultations. In particular, a number of agencies have told congressional staff that draft plans will not be available until June or early July. Congressional staff have said that an important opportunity for Congress and the administration to clarify and seek agreement on agencies' missions, goals, and strategies will be lost if draft plans are not provided early enough to permit meaningful reviews and consultations during the consultation process. For example, although EPA provided a detailed outline of its strategic plan, including a mission statement, goals, and strategic "principles," completing a draft plan in early July may not leave adequate time for EPA to obtain congressional input and fully consider and incorporate congressional views before the final plans are due in September 1997.

Although the Results Act's required consultation can help improve the management of federal agencies, it will have a less direct role in resolving difficult policy choices, because such choices should appropriately consider many factors, including program performance. For example, we have observed that transferring weapons production from the Department of Energy to DOD, as was proposed by some, would require careful consideration of many policy and management issues.¹⁵ In a survey of former Department of Energy executives and experts on energy policy, some argued that because of the declining strategic role of nuclear

¹⁴Managing For Results: Enhancing the Usefulness of GPRA Consultations Between the Executive Branch and Congress (GAO/T-GGD-97-56, Mar. 10, 1997).

¹⁵Department of Energy: Observations on the Future of the Department (GAO/T-RCED-96-224, Sept. 4, 1996).

weapons, DOD might be better able to balance resource allocations among nuclear and other types of weapons if the weapons complex were completely under its control. Others argued, however, that the need to maintain civilian control over nuclear weapons outweighs any other advantages.

The Results Act can assist decisionmakers in making policy choices by providing data on the management and performance implications of different options. For example, data generated as part of the Results Act can identify potential performance improvements that might result from consolidating programs or shifting responsibilities among agencies. Congress and the executive branch can then weigh this information against policy considerations. Our work suggests that ultimately a successful strategic planning effort will often reflect hard choices by the agency, and there may be disagreement between the agency and key stakeholders about particular goals or the means by which the goals will be achieved. In this regard, an OMB official has noted that a strategic plan that has achieved complete agreement among all interested parties is likely to be at such a high level of generality that the usefulness of the plan as a decisionmaking tool would be fairly limited.

Conclusions

The Results Act, with its focus on results and requirement for consultation, can help Congress and the executive branch address the management implications of two of the seemingly intractable issues confronting federal agencies: overlap and fragmentation in program efforts that cut across agencies and the need to balance multiple priorities within individual agencies. However, although the Results Act provides a potentially effective vehicle for addressing these issues, their existence also makes the prospects for the effective governmentwide implementation of the Act uncertain in the near term. Efforts under the Results Act can help identify the extent and consequences of the overlap and fragmentation, but addressing such problems will likely be a lengthy process, because Congress and the executive branch will have to consider policy trade-offs to reach a reasonable degree of consensus on the appropriate federal response to national needs. Similarly, balancing multiple priorities will need to be an ongoing process, because priorities change as new needs arise.

The strategic planning consultation process is a starting point for Congress and the executive branch to work through these different policy issues. If successfully implemented, the Results Act will be most helpful to

Chapter 3
Unclear Agency Missions and Goals Will
Challenge Results Act Implementation

decisionmakers in providing performance information that identifies the management implications of different structures and policy choices among competing demands.

Developing Useful Results-Oriented Performance Information Will Be an Ongoing Difficulty

Agencies have encountered some difficult analytic and technical challenges in developing useful results-oriented performance information to use in planning their efforts and gauging progress toward the achievement of their goals and missions. There are two primary considerations for agencies in their development of such information. The first is to identify those performance measures that will be meaningful for the agency to use in gauging progress in achieving its goals. The other is to collect reliable and valid data on those measures so that program managers and other decisionmakers have the data they need to effectively manage federal programs.

However, several factors—including a lack of data on results-oriented performance measures; the influence of external forces, such as emerging economic, social, and technological trends and the role that third parties, such as state and local governments, may have in determining whether program results are achieved; and the long time frames sometimes needed before the results of agency or program actions can be seen—have complicated agencies' ability to set goals and identify results-oriented performance measures. Agencies also are challenged in their collection of valid and reliable data. Reasons for this challenge include different parties using different definitions to measure performance and agencies' reliance on outside parties to provide results-oriented performance data. Some agencies are exploring approaches for addressing the difficulty they have had in developing useful results-oriented performance information.

Several Factors Have Complicated Agencies' Ability to Set Goals and Identify Results-Oriented Performance Measures

Several factors have complicated the degree to which agencies have faced challenges in setting goals and identifying results-oriented performance measures. These factors include a lack of data on results-oriented performance measures; the influence of external forces, such as emerging economic, social, and technological trends and the role that third parties, such as state and local governments, may have in determining whether program results are achieved; and the long time frames sometimes needed before the results of agency or program actions can be seen.

Agencies' Lack of Data Complicates Efforts to Set Goals

Our work has shown that baseline and trend data on past performance can help agencies set realistic goals for their programs given the past performance of those programs. We have previously reported that prior efforts to link resources to results were hampered by the absence of

systems to collect needed data.¹ Under PPBS, agencies that attempted to gather results-oriented performance data found the process to be far more difficult than expected. Agency officials reported that developing the information and collection systems envisioned by PPBS would take several years.

Because agencies often did not focus on having results-oriented performance information in the past, they generally have not collected such data. Therefore, they do not have all of the baseline and trend data needed to set goals. For example, our reviews of the National Park Service—whose mission is, in part, to preserve and protect park resources—showed that baseline information about natural and cultural resources was frequently incomplete or nonexistent.² Consequently, it was difficult for Park Service officials to determine whether the best management decisions about those resources were being made. For example, for 70 years, the Service has stocked nonnative fish in various lakes and waterways in Yosemite National Park. However, officials said they knew little about the types or numbers of fish in the lakes and waterways, as well as other species inhabiting the park, including birds, badgers, river otters, wolverines, and red foxes. By not collecting data on those resources, officials realized that some of their decisions about those resources were not effective in helping the Park Service achieve intended results. At the time of our review, nonnative fish outnumbered native rainbow trout by a 4-to-1 margin, and the stocking had reduced the numbers of at least one federally protected species.

VA officials said that some of the results-oriented measures for their agency's Loan Guaranty program were new and baseline data were not available on those measures. Consequently, VA did not have data on past performance to use in setting some of the program's fiscal year 1998 goals. In some of these cases, VA indicated in its fiscal year 1998 budget submission to OMB that those goals were "to be determined." For example, according to VA, a key result of the program is providing veterans with timely service in obtaining a VA guaranteed loan. Performance measures include the percentage of veterans satisfied with the time it took to process their loans and the average time taken to process loans. Although VA set fiscal year 1998 goals for customer satisfaction with timeliness, VA

¹GAO/AIMD-97-46, March 27, 1997.

²National Parks: Park Service Needs Better Information to Preserve and Protect Resources (GAO/T-RCED-97-76, Feb. 27, 1997); and Park Service: Managing for Results Could Strengthen Accountability (GAO/RCED-97-125, Apr. 10, 1997).

reported that goals for average processing time would need to be determined.

In another example, U.S. Department of Agriculture (USDA) officials said they dropped some performance measures that had been part of their Single Family Housing Results Act pilot's annual performance plan because they did not have information systems to collect data on those measures.³ Such measures included those that would have provided performance data on the number of loans made in targeted geographic areas and the number of houses upgraded from substandard to safe and sanitary in targeted areas. Lacking these data, USDA did not have an informed basis on which to set goals.

In recent years, Congress has enacted landmark information technology legislation—the Paperwork Reduction Act of 1995 and the Clinger-Cohen Act of 1996—that, if successfully implemented, holds a key to ensuring that agencies put in place the systems needed to collect results-oriented performance data. These acts establish an investment framework for having agencies better plan and manage their technology efforts and link those efforts directly to the achievement of agency program goals and mission.⁴

Agencies' Results Can Be Influenced by External Forces

The efforts of federal agencies often are but one factor among many external forces that may influence whether, and the degree to which, their programs achieve their intended results. Many agencies have been challenged to separate out the influence that program activities have had on the achievement of program results when those results also could have been influenced by external forces. This challenge has complicated agencies' efforts to identify those performance measures that will be meaningful for the agency to use in gauging progress in achieving its goals.

Identifying meaningful performance measures has been a long-standing problem for federal agencies. We have reported that agency officials implementing the PPBS initiative, which was mandated governmentwide by President Johnson in 1965, found it far more difficult than they expected

³Information systems are a discrete set of information resources and processes, automated or manual, organized for the collection, processing, maintenance, use, sharing, or dissemination of information. See [GAO/AIMD-94-115](#), May 1994.

⁴For further information see: [Information Technology Investment: Agencies Can Improve Performance, Reduce Costs, and Minimize Risks \(GAO/AIMD-96-64, Sept. 30, 1996\)](#); [Information Management Reform: Effective Implementation Is Essential for Improving Federal Performance \(GAO/T-AIMD-96-132, July 17, 1996\)](#); and [GAO/AIMD-94-115](#), May 1994.

to relate program activities to a stated result or to separate out other influences that might affect intended results.⁵ For example, under the PPBS initiative, the Upward Bound program was designed to increase skills and motivation for low-income high school students. Agency officials had no way to isolate the program's effect from other environmental influences that might also have contributed to the success or failure of program participants.

The influence that external forces can have on the achievement of program results has continued to challenge agencies' ability to identify meaningful measures. Our work looking at the efforts of economic development and our forthcoming report on regulatory programs illustrates this challenge. For each of these types of programs, isolating the federal contribution to the achievement of an intended result has been exceedingly difficult and accordingly has hindered agency efforts to identify meaningful performance measures. In situations where the federal program effort is but one factor among many external forces that may determine the degree to which an intended result is achieved, determining the level of federal influence on such achievement requires agencies to understand and measure the nonfederal influence.

For example, in 1995 we reported on the existence of 342 economic development-related programs.⁶ Numerous external forces, including broad national economic trends, contribute to local economic development, and communities also may receive assistance from state and local governments and the private sector. Therefore, determining the impact of one of these programs on economic development has been a daunting task. A persuasive study of a program's impact, as we observed in our 1996 report,⁷ would require three elements. First, it would have to document that there had been some improvement in a targeted area; second, it would have to link specific program elements to actual economic changes; and third, it would have to measure the growth stemming from other influences on the economy of the targeted area in order to isolate the impact that could be attributed to the economic development program.

Although such analysis entails a substantial undertaking, it can potentially provide important information for decisionmakers. As part of that 1996

⁵GAO/AIMD-97-46, March 27, 1997.

⁶GAO/RCED-95-251R, July 28, 1995.

⁷Economic Development: Limited Information Exists on the Impact of Assistance Provided by Three Agencies (GAO/RCED-96-103, Apr. 3, 1996).

review, we reported that one study of the effectiveness of the Department of Commerce's Economic Development Administration (EDA) programs found that income in the counties that received EDA funding grew significantly faster than income in the counties that received no aid. However, when the researchers simultaneously considered EDA's programs and factors unrelated to EDA, they found that EDA's programs had a very small effect on income growth rates during the period that the aid was received and had no significant effects in the 3 years after the aid ceased. EDA's programs could explain only a small part of the difference in the growth rates between the two groups of counties.

Regulatory agencies also have had difficulty sorting out the interaction that external forces have had on the results that those agencies were trying to achieve and accordingly have had difficulty identifying meaningful performance measures. For example, OSHA officials said they were having difficulty identifying measures to assess program results because many other factors, such as business cycles and the development of safer machines, affect the number of workplace injuries each year more than OSHA's actions do. In addition, a senior OSHA official said that worker safety data are sometimes influenced by catastrophic events, such as bombings or airplane crashes over which OSHA has no control.

Conversely, the less that program results are affected by external forces, the greater will be the agency's influence in accomplishing its intended results. Such agencies also will tend to have an easier time identifying results-oriented performance measures that demonstrate the extent to which the agency achieved its goals. For example, the intended goals of VA's National Cemetery System (NCS) include burying eligible veterans and their family members in national cemeteries and maintaining the graves and their surroundings as national shrines. Because NCS exerts a relatively high degree of influence over program results, identifying results-oriented performance measures is a fairly straightforward effort. Its fiscal year 1996 results-oriented performance measures included the percentage of veterans who chose a burial option provided by NCS and/or who chose a VA headstone or marker. Because of NCS' high degree of influence over program results, it also can more readily pinpoint opportunities for managing its efforts and improving its performance. To help it do so, NCS (1) conducted 14 focus groups at 5 locations throughout the country with specific customer groups who had recent direct contact with the cemetery and (2) placed 20,000 visitor comment cards at 76 national cemeteries for visitors to comment on their satisfaction with various aspects of cemetery appearance and maintenance and what their priorities were.

Similarly, the Bureau of Engraving and Printing (BEP) primarily produces currency and stamps in the volume and with the quality required by two primary, immediate customers: the Federal Reserve Board and the U.S. Postal Service. BEP receives no appropriations from Congress and is self-financed by a revolving fund whereby the Reserve Board and Postal Service reimburse BEP for its costs. Because of its direct relationship with its customers, BEP has a relatively high degree of influence over the achievement of its intended results and was able to more readily identify results-oriented performance measures. These measures, which BEP has used for years, focus on customer service and include currency notes delivered (in billions) and postage stamps delivered (in billions), currency and postage stamp productivity measures, and customer satisfaction measures.

Long Time Frames to Achieve Results Hinder Annual Performance Measurement

Often it can take years before agencies see the results of their programs' activities. This factor has made it difficult for agencies to identify performance measures that will provide them with information on the annual progress they are making toward achieving program results. For example, OSHA officials said it was difficult to track their agency's yearly progress in eliminating workplace hazards when the impact of some regulatory actions could not be seen for years. They said that the latency periods between exposure to a hazardous substance, such as asbestos, and a resulting illness can be 20 years or more. Therefore, OSHA officials said, the results of any actions OSHA takes to reduce exposures to those substances may be equally long in coming. Officials at EPA also said it was difficult to track the yearly progress of some of their agency's regulatory actions because, for example, a significant lag usually existed between the elimination of a chemical hazard and any corresponding change in illness rates.

Our work on research and development (R&D) programs exemplified the significance of the challenge agencies face in identifying meaningful performance measures to use in assessing program results when achievement of those results can take several years and the results also can be affected by external forces.⁸ Over \$71 billion was appropriated for federal R&D efforts in 1996. However, as we and others have reported for almost 20 years, agencies with such programs have encountered difficulty in identifying meaningful performance measures, particularly quantitative measures, that can be used to assess the results that the technological

⁸Measuring Performance: Strengths and Limitations of Research Indicators (GAO/RCED-97-91, Mar. 21, 1997).

advancements of these programs have on economic growth and the overall standard of living. Because of the difficulties in identifying the impacts of research, decisionmakers in the public and private sectors typically have chosen to measure results using a variety of proxies. Three of the most frequently cited quantitative measures are return on investment, patents issued, and bibliometrics—i.e., the study of published data, in particular, counts of citations. These measures imply a degree of precision. However, they generally were not designed to measure the long-term results of R&D programs and, therefore, are not easily adaptable to such a purpose.

For example, return on investment is aimed at assessing the sales and profits resulting from investments in R&D. However, long time periods and the multiple research investments involved make the task of calculating the return on basic research especially difficult. Productivity growth may lag 20 years behind the first appearance of research in the scientific community. A more serious impediment, however, is the fact that results are often not directly traceable to a specific research investment or may result from a combination of such investments.

Agencies Have Faced Challenges Collecting Reliable and Valid Results-Oriented Performance Data

In passing the Results Act, Congress emphasized that the usefulness of agencies' performance data depends, to a large degree, on the reliability and validity of those data. However, the reliability and validity of performance data are often questionable. From previous reviews, we found that agencies have faced challenges in collecting reliable and valid performance data. These challenges include different parties using different definitions to measure performance and agencies' reliance on outside parties to provide results-oriented performance data.

Use of Different Definitions for Measuring Performance

The lack of standard definitions for performance measurement data can significantly hinder agencies' ability to use such data in planning and reporting. For example, we reported challenges that OCSE faced because of a lack of comparable performance data across state and local jurisdictions.⁹ OCSE officials said that discrepancies resulting from differences in the way the states and local jurisdictions defined what constitutes a child support enforcement case had contributed to the difficulty of uniformly measuring state performance. To address these discrepancies, OCSE worked with state and local authorities to develop

⁹Child Support Enforcement: Reorienting Management Toward Achieving Better Program Results (GAO/HEHS/GGD-97-14, Oct. 25, 1996).

standard data definitions for key child support enforcement terms, including a definition for what constitutes a child support enforcement case, and incorporated the use of standardized definitions for measuring state performance. Together, they developed measures to assess state performance in establishing paternities, obtaining support orders, and collecting child support payments, using the established definition of a child support enforcement case.

We also found that three economic development agencies we reviewed—EDA, the Appalachian Regional Commission, and the Tennessee Valley Authority’s nonpower programs—computed a key performance measure differently.¹⁰ Specifically, each of these three agencies uses “performance ratios” to measure the extent to which other federal, state, local, or private investment in communities is attracted to an economic development project as a result of the agency’s investment. The ratio is a comparison of total dollars invested in or planned for an economic development project—including the funding from other federal programs—with the dollars contributed by the agency itself. However, we found that each agency, in computing its ratio, defined “total dollars” differently and calculated the ratio for only a portion of its programs. Inconsistent definitions for what will be measured among crosscutting programs can hamper efforts to compare the relative effectiveness of individual programs.

**Reliance on Outside
Parties for
Results-Oriented
Performance Data**

Relying on parties outside of agencies for performance data has created challenges for agencies to ensure the accuracy of such data. For example, the Department of Education had faced difficulty in obtaining accurate data from adult education programs administered by states.¹¹ We reported that states are required to submit to the Department of Education annual statistical performance reports giving basic program information, such as number of students served, student progress over the years, and various types of student achievement. However, Education and state officials acknowledged serious problems with the quality of the data contained in those reports. These problems were based in part on double-counting or under-counting of students in adult education programs.

As noted earlier, OCSE has had difficulty in obtaining comparable state-reported data. OCSE also has faced challenges in ensuring that states

¹⁰GAO/RCED-96-103, April 3, 1996.

¹¹Adult Education: Measuring Program Results Has Been Challenging (GAO/HEHS-95-153, Sept. 8, 1995).

provide accurate data. In 1994, we recommended that OCSE implement additional oversight tools for ensuring that the data states submit are accurate and comparable.¹² In a subsequent report, we found that OCSE has placed greater emphasis on its reviews of state reporting systems, which analyze the procedures and systems states use to accumulate, record, and report data.¹³ However, in its reviews of 20 state reporting systems, OCSE found that most of those states did not have reliable systems for reporting data accurately and that improvements would be needed as it moves to results-oriented management. In 1996, the Personal Responsibility and Work Opportunity Reconciliation Act required OCSE to review and validate the data states report on progress toward achieving program goals.

Approaches to Improve the Usefulness of Results-Oriented Performance Information Are Beginning to Emerge

Some agencies are exploring approaches that begin to address the difficulty they are having in developing useful results-oriented performance information. Five approaches we identified include: (1) using impact evaluations; (2) using intermediate performance measures; (3) using a range of measures; (4) providing decisionmakers with information on the reliability and validity of performance data; and (5) working with stakeholders to identify and reach consensus on the most meaningful measures for the program, data sources for those measures, and data collection strategies.

Using Impact Evaluations

During our recent review of analytic challenges that agencies have faced in measuring their performance, agency officials described using a variety of approaches, including techniques that are employed in program evaluations, specifically those evaluating program impact, to address the challenge of isolating the impact of a program on its intended results.¹⁴ The Results Act defines program evaluation as “an assessment, through objective measurement and systematic analysis, of the manner and extent to which federal programs achieve intended objectives.” Such assessments are to provide evaluative information about whether, and in what important respects, a program is working well or poorly and may address questions of program implementation and impact. Notably, the impact evaluations described by the agency officials were often employed at state or local levels where the influence of other variables was either reduced or easier to observe and control for. For example, because they were well

¹²Child Support Enforcement: Families Could Benefit From Stronger Enforcement Program (GAO/HEHS-95-24, Dec. 27, 1994).

¹³GAO/HEHS/GGD-97-14, October 25, 1996.

¹⁴Managing for Results: Analytic Challenges in Measuring Performance (GAO/HEHS/GGD-97-138, May 30, 1997).

aware that the economy has a strong effect on a loan program's performance, officials from one such program monitored changes in the economy very closely at the regional level. By breaking down the data to follow one regional economy at a time, these officials were able to determine whether an increase in loan defaults in a given region reflected a faltering economy or indicated some problem in the program that needed to be followed up.

Although the Results Act does not require agencies to conduct impact evaluations, it does require them to measure progress toward their goals, identify how external forces might affect such progress, and explain why a goal was not met. We previously reported that agencies often need information on a program's impact on its results relative to the impact of external factors to confidently attribute the achievement of intended results to the program.¹⁵ Further, congressional and other decisionmakers will likely request such information to help them make informed decisions.

We also have reported on how findings of program evaluations can be a potentially critical source of information on the reasons an agency's goals were not met and actions that could be taken to improve performance.¹⁶ However, we have reported that because of their complexity, such evaluation studies may be costly, and many agencies may not have staff with the skills to conduct program evaluations.¹⁷

Using Intermediate Measures

As noted earlier, an agency's ability to identify meaningful performance measures to use in planning its efforts and gauging progress—especially annual progress—toward achieving its goals is sometimes hindered because the intended results of the agency's programs can be affected by various factors or require many years to come to fruition. Our work has found that in such cases, agencies may be able to use intermediate performance measures that provide information on interim results to gauge their progress in meeting their goals.¹⁸

EPA's Office of Water has identified intermediate results, with accompanying measures, for local estuary protection programs to use in

¹⁵Program Evaluation: Improving the Flow of Information to the Congress (GAO/PEMD-95-1, Jan. 30, 1995).

¹⁶GAO/GGD-96-66R, February 14, 1996.

¹⁷Program Evaluation Issues (GAO/OCG-93-6TR, Dec. 1992).

¹⁸GAO/GGD-95-22, December 21, 1994.

assessing their progress in meeting intended results. According to EPA's Coastal Management Branch Chief, those programs are to develop partnerships among all government agencies that oversee estuary resources and the people who depend on those resources for their livelihood and quality of life. The estuary programs generally try to affect the behavior of government agencies, businesses, households, and boaters toward achieving improvements in the quality of estuaries and the health of organisms living in those estuaries. According to EPA, because it may take years to see such improvements, intermediate measures can provide information on the performance of those programs on a more timely basis and are, therefore, important for managing estuary protection efforts. EPA has developed procedures for managers of local estuary programs to monitor and report on program results and the progress in improving and maintaining the quality of their estuary waters, according to the official. Further, to the extent that many estuary programs use similar procedures for assessing their progress, such information also can provide a national perspective on progress in estuary protection. EPA's Coastal Management Branch Chief said that most of the 28 estuary programs have adopted or are considering this approach.

EPA identified three sequential intermediate results—which are referred to as first-, second-, and third-order results—that are expected to affect changes in bay quality and the health of organisms living in estuaries—which are referred to as the fourth-order, or end, results of the program. Measures for first-order intermediate results provide information on the extent to which desirable estuary protection actions have been adequately implemented by governments, businesses, or households. Measures for second-order intermediate results provide information on the extent to which those actions have led to reductions in pollutant discharges. Measures for third-order intermediate results provide information on the extent to which water or sediment quality has changed. Finally, measures for assessing the fourth-order results of the program provide information on the extent to which the health of fish, shellfish, other wildlife, habitat and vegetation, and the region's economy has changed.

Using a Range of Measures

We found that in cases where agencies faced significant challenges identifying results-oriented performance measures, they sometimes used a range of measures to provide a more complete picture of agency performance. For example, the Army Research Laboratory (ARL) found that it could not predict the results or ultimate value of its research.

Therefore, it could not objectively and quantitatively measure whether its research was achieving a specific intended result. Instead, ARL devised a performance measurement approach that is to make use of “three pillars”: metrics, customer feedback, and peer review. For example, its metrics included about 60 quantitative measures that according to ARL provided useful information for understanding the functional health of the organization and the management of ARL. However, ARL cautioned that the resulting performance information would not enable it to determine the real quality and impact of its programs. Because of its lack of results-oriented performance measures, ARL is relying more heavily on customer surveys and peer review for information about the quality of its efforts.

Our work on R&D programs found that although there are strengths to using peer reviews, there are also limitations.¹⁹ Peer review uses technical experts to judge R&D results on the basis of the experts’ evaluation of the quality of research. We reported that although peer review has been used extensively in the selection of proposed research projects, it is subject to two serious shortcomings. First, peer review is based on individuals’ perceptions of quality, which depend largely on the expertise of the selected experts. Thus, the subjective nature of peer reviews makes performance results vulnerable to bias. Frequently, a numerical rating scale, such as 1 for poor through 5 for excellent, is used to judge the quality of research projects and the selection of proposed projects. However, despite the appearance of precision conferred by a specific number, the numbers represent the best of sometimes widely differing judgments. Second, peer review can be expensive. For example, ARL contracted for a peer review of its activities, which calls for National Research Council technical assessment board reviews of one-third to one-half of ARL’s programs each year at a cost of approximately \$650,000 per year.

Providing Decisionmakers Information on the Reliability and Validity of Performance Data

As noted earlier, in passing the Results Act, Congress emphasized that the usefulness of agencies’ performance data depends, to a large degree, on the reliability and validity of those data. Consequently, the Act requires that agencies describe in their annual performance plans the means to be used to verify and validate performance data. We found that including such information in performance reports could be equally important in providing assurance to report users of the quality of the data.²⁰ The

¹⁹GAO/RCED-97-91, March 21, 1997.

²⁰GAO/GGD-96-66R, February 14, 1996.

National Highway and Traffic Safety Administration (NHTSA) included an appendix to its fiscal year 1994 Results Act pilot performance report that discussed the sources, and in some cases the limitations, of the data it used to report on performance. For example, NHTSA's accident data are based on police reports, but various sources suggested that about half of the motor vehicle crashes in the country were not reported to police. NHTSA believed that the majority of these unreported crashes involved only minor property damage and no significant injury. However, NHTSA's report stated that it planned "to assess the unreported injury problem." By incorporating a discussion of the limitations of its accident data, NHTSA provided a context to assist the users of the data in assessing NHTSA's performance.

Working With Stakeholders to Reach Consensus on Measures and Data Collection

Stakeholders can help agencies identify results-oriented performance measures and the ways to collect needed performance data. For example, in 1994, we reported that OCSE lacked essential management tools to improve its responsiveness to the child support needs of children and families and recommended actions OCSE could take in this regard.²¹ Since that time, OCSE has made progress in reorienting its management of the program toward achieving intended program results through greater stakeholder involvement and other means.²² OCSE's effort to involve states and other stakeholders took time and concerted effort.

One of the first steps OCSE took was specifying the goals that it expected states to achieve in such areas as paternities established and collections received. However, state program officials strongly objected to this mandate, because they did not have an opportunity to participate in the planning process. OCSE then sought to obtain wider participation from program officials at the federal, state, and local levels of government through a joint planning process. During the planning process, participants agreed that intended national results would be based on the collective suggestions of the states and consensus among participants. OCSE also established a Performance Measures Work Group to identify statistical measures for assessing state progress toward achieving national results. The work group, which consisted of officials from the Department of Health and Human Services' (HHS) Administration for Children and Families, OCSE, and state and local child support enforcement programs, met several times in 1995 and 1996 to discuss mutually acceptable performance measures.

²¹GAO/HEHS-95-24, December 27, 1994.

²²GAO/HEHS/GGD-97-14, October 25, 1996.

Officials in VA's Loan Guaranty program also discussed the importance of involving stakeholders in identifying meaningful measures. According to those officials, they had difficulty linking field office activities to the intended results of the program as established by headquarters staff. To address this, VA used input from OMB and a performance measures work group that included both headquarters and field office staff to reach consensus on the most meaningful performance measures for the program and how data would be collected on those measures. Also, key headquarters and field managers were brought together to reach agreement on the goals to be included in the program's fiscal year 1997 business plan.

Perhaps most important, congressional consultations on agencies' strategic plans also can assist agencies in identifying the most meaningful measures for the agencies' programs. A VA official reported that most of their discussions with congressional staff have included useful exchanges about the most meaningful performance measures for assessing the results of VA's benefit programs. In several cases, congressional staff proposed additional performance measures for VA programs. For example, the staff suggested that VA's Vocational Rehabilitation and Counseling program add measures to assess the socioeconomic impact of the program on veterans, such as the extent to which veterans have to rely on other government assistance programs.

Conclusions

The challenges confronting agencies as they seek to develop useful results-oriented performance information are substantial, long-standing, and will not be quickly or easily resolved. In cases where results-oriented baseline and trend data on past performance do not exist, agencies' will have difficulty setting realistic goals. Many agencies also are grappling with how best to assess their intended results in an environment where federal program efforts are but one factor among many external forces that may influence whether program results are achieved. Identifying results-oriented performance measures will often require an agency to separate out the influence on the achievement of its intended results from those of forces external to it in order to isolate the agency's contribution to the achievement of those results—an analytically daunting challenge. Moreover, identifying such measures also is challenged by the long lead times that may occur between a federal agency's actions and the achievement of intended results.

Chapter 4
Developing Useful Results-Oriented
Performance Information Will Be an
Ongoing Difficulty

Finally, once agencies have identified results-oriented performance measures, collecting reliable and valid data on those measures poses challenges for agencies. Reasons for these challenges include different parties using different definitions to measure performance and agencies relying on outside parties to provide results-oriented performance data. Some agencies have begun exploring approaches to address the difficulty in developing useful results-oriented performance information. However, the nature of the challenges agencies need to address and the time and effort needed to overcome those challenges suggest that agencies will be hard-pressed to consistently identify results-oriented measures in time for the first annual performance plans to be submitted to OMB this fall. Those agencies with the most direct influence on their results generally will make the most progress in identifying such measures, while those agencies with less influence will continue to struggle to identify the most meaningful measures for informing decisionmakers in Congress and the executive branch.

Building an Organizational Culture to Help Create and Sustain a Focus on Results Remains a Work in Progress

Successful implementation of the Results Act in federal agencies will depend on the degree to which those agencies create organizational cultures that foster and maintain a focus on results at all levels. The committed support of top agency leadership is critical to building a results-oriented culture. Yet, according to the opinions of the federal managers who responded to our survey, top agency leadership is not fully committed to results-oriented management. In addition, successful implementation of the Results Act will depend, in part, on managers having the knowledge, skills, and abilities to set goals, measure performance, and use performance information to improve effectiveness. However, managers' responses to our survey indicated that federal managers needed additional training on critical results-oriented management-related tasks. A results-oriented organization also strives to ensure that its managers at all levels have the authority needed to accomplish goals and provides those managers with the incentives and opportunities for doing so. However, federal managers' responses to our survey also suggest that more progress is needed in these areas as well.

Top Leadership Has Not Fully Demonstrated Commitment to Results-Oriented Management

For the Results Act to become part of an agency's culture, the agency needs the sustained, demonstrated commitment of its top leadership to initiate and insist on the use of results-oriented management practices, to keep the agency focused on results, and to embed related principles in the agency's approach to doing business.¹ By showing managers and staff its commitment to achieving an agency's goals, top agency leadership can encourage a focus on results. When asked about the extent to which their agencies' top leadership demonstrated a strong commitment to achieving results, federal managers in our survey reported a significantly greater extent of current top leadership commitment than they recalled existing 3 years ago. According to our survey, about 44 percent of managers reported that their agencies' top leadership demonstrated a strong commitment to achieving results to a great or very great extent 3 years ago, and 57 percent of managers reported such commitment to a great or very great extent currently, which is a 13 percentage point difference.

The percentage of federal managers reporting that top leadership demonstrated strong commitment to a great or very great extent both currently and 3 years ago was significantly higher for SES managers than for non-SES managers. This suggests that the perception of top leadership commitment to results is stronger for federal managers at higher levels

¹GAO/GGD-96-118, June 1996.

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and that this perception has not reached managers at all agency levels to the same extent. (See table 5.1.)

Table 5.1: Percent of Federal Managers Who Reported That Their Agencies' Top Leadership Demonstrated a Strong Commitment to Achieving Results

Level of managers	Percent of federal managers who reported that their agencies' top leadership demonstrated a strong commitment to achieving results to a great or very great extent	
	3 years ago	Currently
SES	60%	76%
Non-SES	42	56

Source: GAO survey data.

Without top leadership making its commitment to results-oriented management clear, the Results Act risks the danger that all management reforms face: becoming a hollow, paper-driven exercise. As we have said in our Executive Guide, leaders who integrate results-oriented management into the culture and day-to-day activities of their organizations will help avoid that danger.²

One of the most meaningful demonstrations of leaders' commitment to results-oriented management is the use of performance information to make decisions. However, federal managers' perceptions about the extent to which such use is occurring are not as strong as their perceptions about top leadership's demonstrated commitment in general. This suggests that despite the strength of managers' perceptions about top leadership commitment, the extent to which leaders are demonstrating their commitment by using performance information for decisionmaking about their agencies' day-to-day activities is not as great.

Compared to the 57 percent of managers who reported strong top leadership commitment to a great or very great extent, only about 16 percent 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. When we compared managers who reported a great or very great extent of strong top leadership commitment to managers who rated leadership commitment from moderate to none, we found that 25 percent of the managers who rated leadership commitment as great or very great also reported that managers above their level made program changes on the

²GAO/GGD-96-118, June 1996.

basis of performance information to a great or very great extent. Only 5 percent of managers who rated the extent of leadership commitment from moderate to none rated the extent of managerial program changes based on performance information as great or very great. Although the difference between these two groups is statistically significant, in either case, only a minority of managers perceived program changes based on performance information occurring to a great or very great extent even when top leadership commitment was perceived to be high.

Although still a minority, more federal managers said that the individuals to whom they reported periodically reviewed with them the results or outcomes of the programs for which they were responsible than said that program changes were made based on performance information. Both of these activities are indicators of the use of performance information for management decisionmaking. About 42 percent of managers said that the individuals to whom they reported periodically reviewed with them the results or outcomes of the programs for which they were responsible to a great or very great extent. As before, a comparison of managers who reported a great or very great extent of strong top leadership commitment to managers who rated leadership commitment from moderate to none showed a significant difference. We found that 57 percent of the managers who rated leadership commitment as great or very great also rated the extent of periodic reviews of their programs' results or outcomes as great or very great. Only 21 percent of managers who rated the extent of leadership commitment from moderate to none rated the extent of periodic reviews of their programs' results or outcomes as great or very great.

Managers' responses regarding the extent to which changes to programs were based on results and the extent to which individuals to whom they reported reviewed program results with them indicate that as the perception of strong top leadership commitment increased, the perception of the use of performance information for decisionmaking also increased. In addition, as their responses indicate, many managers did not perceive that performance information was being used to make such decisions to a great or very great extent.

Managers Reported Needing Additional Training

In our work on identifying techniques that are needed to change an organization's culture, we found that training was one of the most important techniques used.³ From our symposium on transforming the civil service, we discerned that treating continuous learning as an investment in success rather than as a cost to be minimized was a key principle for managing people.⁴ Investing in training and professional development could help federal agencies meet changing customer needs, keep skills up to date, and develop new personal and organizational competencies. In work we did to identify insights for Results Act implementation from past initiatives on performance budgeting, we spoke with current and former executive branch officials and legislative branch staff as well as individuals with expertise in the Results Act, budgeting, and public administration.⁵ These experts said that participants in implementing the Act needed to acquire the skills to develop and use performance information. One of the critical practices for implementing the Results Act that we identified in our Executive Guide was the need to build expertise for staff at all levels of the organization so that they are skilled in strategic planning, performance measurement, and the use of performance information in decisionmaking.⁶

When asked whether, during the past 3 years, their agencies had provided, arranged, or paid for training that would help them accomplish several critical results-oriented management-related tasks, the percentage of SES managers who responded "yes" was significantly greater than that of non-SES managers. According to our survey, 43 to 61 percent of SES managers and 17 to 38 percent of non-SES managers responded yes to questions on training that would help them accomplish each of several critical results-oriented management-related tasks. The task for which the highest percentage in general responded yes was for training on conducting strategic planning. For this task, 61 percent of SES managers and 38 percent of non-SES managers responded yes. However, for the remaining five of the six tasks, fewer than 38 percent of non-SES managers responded yes. Only 46 percent of SES managers and 17 percent of non-SES managers responded yes regarding training on implementing the

³Organizational Culture: Techniques Companies Use To Perpetuate or Change Beliefs and Values ([GAO/NSIAD-92-105](#), Feb. 27, 1992).

⁴Transforming the Civil Service: Building the Workforce of the Future—Results of a GAO-Sponsored Symposium ([GAO/GGD-96-35](#), Dec. 20, 1995).

⁵[GAO/AIMD-97-46](#), March 27, 1997.

⁶[GAO/GGD-96-118](#), June 1996.

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requirements of GPRA. The results for training on each task for SES and non-SES managers appear in table 5.2.

Table 5.2: Percent of Federal Managers Who Reported That During the Past 3 Years Their Agency Provided, Arranged, or Paid for Training That Would Help Them to Accomplish Specific Tasks

Tasks	Percent of federal managers	
	SES	Non-SES
Conduct strategic planning	61%	38%
Set program performance goals	56	33
Develop program performance measures	52	35
Use program performance information to make decisions	43	30
Link the performance of program(s)/ operation(s)/project(s) to the achievement of agency strategic goals	46	27
Implement the requirements of GPRA	46	17

Source: GAO survey data.

In addition, we asked federal managers to what extent they thought they needed training or additional training to help them accomplish each of these tasks. For each task, the percentage of non-SES managers was significantly higher than the percentage of SES managers reporting a need for training to a great or very great extent. Table 5.3 shows the results for training or additional training needed to a great or very great extent by SES and non-SES managers for each task.

Table 5.3: Percent of Federal Managers Who Reported Needing Training or Additional Training to Accomplish Specific Tasks

Tasks	Percent of federal managers who reported needing training or additional training to a great or very great extent to accomplish specific tasks	
	SES	Non-SES
Conduct strategic planning	14%	28%
Set program performance goals	15	32
Develop program performance measures	20	40
Use program performance information to make decisions	14	32
Link the performance of program(s)/operation(s)/ project(s) to the achievement of agency strategic goals	17	33
Implement the requirements of GPRA	18	43

Source: GAO survey data.

Implementing the requirements of GPRA was the only task for which a significant difference existed between the ratings of managers who reported training that their agencies provided, arranged, or paid for and managers who reported no such training. About 29 percent of managers who reported the training in implementing the requirements of GPRA also reported a great or very great need for additional training for this task. However, more than half of managers who reported no such training in implementing the requirements of the Act reported a great or very great need for it. A need for training on this task received the highest proportion of great and very great responses from managers who reported no such training for any given task.

Although responses to the need for training varied, many managers believed that they needed training to a great or very great extent for at least some of the tasks. For example, based on our survey, 43 percent of managers reported that they needed training to a great or very great extent in at least two of the tasks listed.

Providing the skills to develop and use performance information may well be a significant challenge to implementing the Results Act because of declining resources and serious budgetary constraints. Executive branch officials we spoke with as part of our review of past initiatives on performance budgeting tended to think that the Results Act was “the right thing to do.” Thus, they believed that the resources for needed training related to implementing the Act would be found.⁷ In an April 2, 1997, OPM-sponsored interactive broadcast on the Results Act, OMB’s Deputy Director for Management said he recognized the difficult problem that federal agencies faced, given the training and other capacity-building activities needed to measure and evaluate program performance during this time of significant budgetary constraint.⁸ But he stressed that federal agencies do have to devote some resources to these important activities to increase the effectiveness of their programs, for which they use most of their resources. Because of this environment, agencies will need to seek new, creative, and less costly ways to build their capacities to implement the Act in order to improve their programs. In our past work, we found that one approach—which has been used at HHS and the Department of the Interior—was to limit training costs by having in-house coordinators lead

⁷GAO/AIMD-97-46, March 27, 1997.

⁸Office of Personnel Management Federal Human Resources Forum: Interactive Broadcast on the Government Performance and Results Act and How It Affects Every Federal Government Agency Manager and Worker, April 2, 1997.

training efforts and serve as mentors on the Results Act.⁹ Managers' responses to our survey questions on training suggest that federal agencies' efforts to train managers on results-oriented management-related tasks may best be focused on non-SES managers. The responses also suggest that such training especially include training on implementing the requirements of the Results Act.

Managers Reported Reduced Authority to Achieve Results

In crafting the Results Act, Congress recognized that if federal managers were to be held accountable for program results, they would need the authority and flexibility to achieve those results. Congress also understood the importance of affording federal program managers the freedom to be innovative and creative and to marshal resources to achieve results. Congress has provided agencies with additional authority in the key area of procurement that allows agencies more flexibility in managing their programs. In addition, one of the major initiatives of NPR has been the empowerment of federal employees to get results.

Overall, when asked about the extent to which managers or supervisors at their levels had the authority they needed to help their agencies accomplish their strategic goals, federal managers did not perceive that they had a greater extent of such authority than they recalled having 3 years ago. Interestingly, for managers from selected Results Act pilots, the perception of the extent of this authority currently was significantly lower than the perception for 3 years ago. In contrast, for managers who were not in selected pilots, the perception of the extent of authority currently was essentially unchanged from the perception for both 3 years ago. In addition, for both 3 years ago and currently, the percentage of SES managers reporting a great or very great extent of authority was significantly higher than the percentage of non-SES managers. (See table 5.4.)

⁹Managing for Results: Status of the Government Performance and Results Act (GAO/T-GGD-95-193, June 27, 1995).

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Table 5.4: Percent of Federal Managers Reporting That Agency Managers/Supervisors at Their Levels Had the Decisionmaking Authority They Needed to Help the Agency Accomplish Its Strategic Goals

Level of managers	Percent of federal managers reporting that managers/supervisors had the decisionmaking authority they needed to a great or very great extent		
	3 years ago	Currently	Difference
SES			
Selected Results Act pilots	56%	40%	-16%
All other agencies	53	52	-1
Non-SES			
Selected Results Act pilots	36	24	-12
All other agencies	29	31	+2

Source: GAO survey data.

When asked about the extent to which managers or supervisors at their levels were held accountable for the results of the programs for which they were responsible, no such differences between managers from selected Results Act pilots and managers from all other agencies or between SES and non-SES managers were observed. However, more managers overall rated the extent of accountability for results as higher currently than for 3 years ago. For example, about 55 percent of managers reported that managers or supervisors at their levels were currently being held accountable to a great or very great extent for the results of the programs for which they were responsible. About 48 percent of managers reported having this perception for 3 years ago.

Less Than Half of Federal Managers Reported Positive Recognition for Achieving Results

In crafting the Results Act, Congress recognized the need to create incentives for managers to use results-oriented performance information. The commitment demonstrated by Congress and top leadership when they use results-oriented performance information to make decisions is one of the greatest incentives for changing agencies' cultures and managers' behavior to focus on achieving intended results. In addition, agencies have traditionally rewarded their employees formally through pay increases and other monetary and nonmonetary awards for performance that helped agencies achieve their goals. However, the current environment of constrained resources challenges agency leaders to think creatively about informal incentives, which need not be costly, such as positive recognition, that they can use to encourage results-oriented management.

When asked about the extent to which employees in their agencies currently received positive recognition and received such recognition 3 years ago for helping the agencies accomplish their strategic goals, federal managers reported essentially no difference. However, statistically significant differences existed between the perceptions of SES and non-SES managers, both currently and for 3 years ago. According to our survey, 48 percent of SES managers and 25 percent of non-SES managers reported that, to a great or very great extent, employees in their agencies currently received positive recognition for helping the agencies accomplish their strategic goals. When asked to recollect the situation 3 years ago, 43 percent of SES managers and 27 percent of non-SES managers reported such recognition.

In work we did on state governments' experiences in using results-oriented management, we found that in Oregon and Minnesota, managers and staff in some state agencies were reluctant to commit to achieving results that they did not totally control because of concerns that performance information would be used against them.¹⁰ In our survey of federal managers, we listed 16 factors and asked managers to rate each factor on the extent to which it hindered measuring performance or using performance information for the programs with which they were involved. One of these factors was concern that performance information could be used against their programs or agencies. When asked about this factor, only about 9 percent of managers reported it as a hindrance to a great or very great extent—least often of the 16 factors included in the survey.

Involvement of Federal Managers in Results Act-Related Activities Is Varied

Congress expected that under the Results Act, managers throughout federal agencies would have active roles in making their organizations more results oriented. One of the stated purposes of the Act was to help federal managers improve service delivery by requiring that they plan for meeting program objectives and by providing them with information about program results and service quality. More recently, during OPM's April 1997 interactive broadcast on the Results Act, the OMB Deputy Director for Management underscored OMB's commitment to the effective implementation of the Results Act.¹¹ He told federal managers that if they had not been involved in strategic planning, they should be asking their

¹⁰GAO/GGD-95-22, December 21, 1994.

¹¹Office of Personnel Management Federal Human Resources Forum: Interactive Broadcast on the Government Performance and Results Act and How It Affects Every Federal Government Agency Manager and Worker, April 2, 1997.

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agencies why they had not been involved and saying that OMB wanted them to be involved.

However, when we asked federal managers whether, during the past 3 years, they had been involved in a variety of GPRA-related activities that incorporated a number of key practices needed to implement the Act, they reported varied levels of involvement, depending on the activity. Significant differences were especially evident for each activity between SES managers' and non-SES managers' reported levels of involvement. For example, according to our survey, 72 percent of SES managers reported involvement in establishing long-term strategic goals for their agencies—which is a key step in strategic planning—while only 35 percent of non-SES managers reported involvement in this activity. Table 5.5 shows the percentages of both SES and non-SES managers as well as the overall percentages of federal managers who reported that they had been involved in these activities during the past 3 years.

Table 5.5: Percent of Federal Managers Reporting That They Had Been Involved in GPRA-Related Activities During the Past 3 Years

Activities	Percent of federal managers reporting that they had been involved in these activities during the past 3 years		
	SES	Non-SES	Overall
Establishing long-term strategic goals for the agency	72%	35%	38%
Reconciling differing congressional views on the agency's mission and strategic goals	34	8	10
Reconciling the views of other interested parties on the agency's mission and strategic goals	53	29	31
Developing ways to measure whether program performance goals are being achieved	72	47	49
Gathering and analyzing data to measure whether programs are meeting their specific performance goals	65	54	55
Using measures for program performance goals to determine if the agency's strategic goals are being achieved	55	34	35
Publicly reporting on how well the agency's programs are meeting their specific performance goals	44	18	20

Source: GAO survey data.

Of activities that showed significantly lower percentages of non-SES managers reporting involvement as compared to SES managers, some are

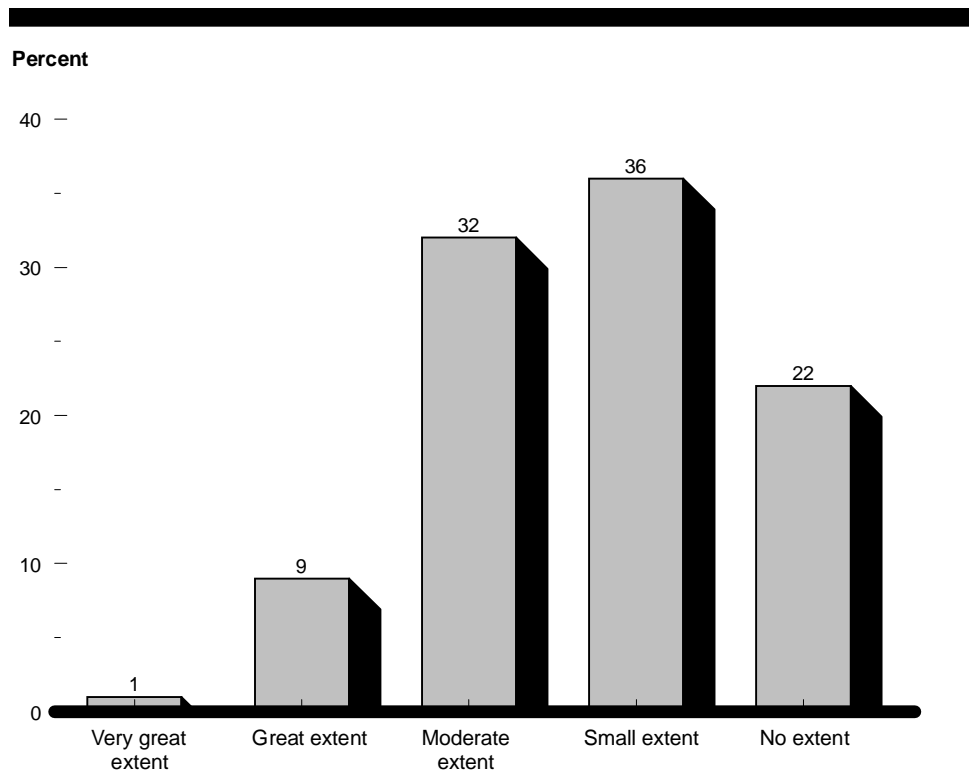
activities where such differences might be expected—for example, reconciling differing congressional views on the agency’s mission and strategic goals and reconciling the views of other interested parties on the agency’s mission and strategic goals. However, such significant differences between SES and non-SES managers’ reported involvement were also evident for activities where involvement of managers at all levels could reasonably be expected—for example, developing ways to measure whether program performance goals are being achieved and gathering and analyzing data to measure whether programs are meeting their specific performance goals. However, gathering and analyzing data to measure whether programs are meeting their specific performance goals was the only one of these GPRA-related activities for which at least half of managers overall, including both SES and non-SES managers, reported being involved.

Federal Managers’ Views About GPRA’s Past and Future Effects on Agency Programs Are Mixed

When we asked federal managers about the extent to which their agencies’ efforts to implement GPRA to date had improved their agencies’ programs, 57 percent overall responded that they had not been sufficiently involved in the Act in their agencies to have an opinion, comprising 22 percent of SES managers and 60 percent of non-SES managers. Of the 41 percent of managers who did express an opinion on the extent to which their agencies’ efforts to implement GPRA to date had improved their agencies’ programs, 42 percent responded that the Act had improved programs to a moderate or greater extent. Figure 5.1 shows the percentages of the federal managers who did express an opinion for each extent level.

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Figure 5.1: Distribution of Federal Managers Expressing an Opinion on the Extent to Which Implementing GPRA to Date Had Improved Their Agencies' Programs



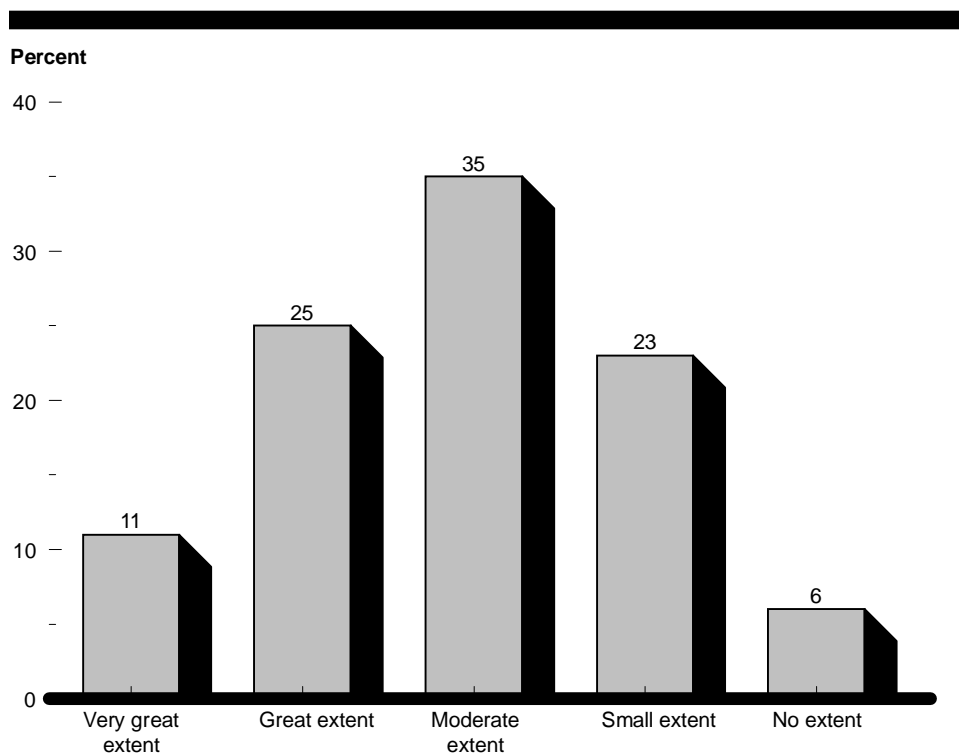
Source: GAO survey data.

Governmentwide implementation of the Results Act is just beginning for many federal agencies and programs and, as our earlier work has shown, changing to a results-oriented culture can take many years.¹² Thus, the 57 percent of managers overall reporting that they had not been sufficiently involved in GPRA to have an opinion on the extent to which efforts to implement the Act to date had improved their agencies' programs and the much greater proportion of non-SES managers (60 percent) than SES managers (22 percent) reporting that they had not been sufficiently involved to have an opinion are not surprising. In addition, given the long-term challenges that a move toward a results-oriented culture involves, it is reasonable to expect that many federal managers are not yet seeing their agencies' results improving as an effect of the Results Act.

¹²GAO/T-GGD-95-193, June 27, 1995.

When asked about the extent to which implementing GPRA could improve their agencies' programs in the future, federal managers' opinions were more optimistic. About 36 percent of managers overall did not express an opinion, responding that they had no basis to judge. Of the 62 percent of managers who did express an opinion, about 71 percent responded that implementing the Act could improve programs in the future to a moderate or greater extent. Figure 5.2 shows the percentages of the federal managers who did express an opinion for each extent level.

Figure 5.2: Distribution of Federal Managers Expressing an Opinion on the Extent to Which Implementing GPRA Could Improve Their Agencies' Programs in the Future



Source: GAO survey data.

Still, many federal managers remained unconvinced or uncertain about whether the Results Act could help their agencies' programs even moderately.

Conclusions

According to the opinions of federal managers, building the organizational cultures necessary to create and sustain a results-orientation in the federal government appears to be a work in progress. In some ways, changes toward a culture that will allow a focus on results appear to be occurring. For example, the perceptions of both SES and non-SES managers about the extent to which top leadership is demonstrating a strong commitment to achieving results were higher currently than they were for 3 years ago. However, we would expect to see federal managers' experiences with and positive perceptions about results-oriented management practices become more prevalent if the Results Act is to succeed.

Over the next several years, we would expect to see more federal managers reporting positively on indicators, such as top management's use of results to make decisions, agencies providing training on key results-oriented management-related tasks, and managers' involvement in GPRA-related activities. But just as importantly, we would expect to see the gap between SES and non-SES managers regarding positive experiences and perceptions about results-oriented management begin to narrow if the Results Act is to work as intended. Agencies can especially concentrate their efforts on areas where managers are not perceiving or experiencing progress, such as on devolving decisionmaking authority to managers throughout the agencies.

When both mid-level and upper level managers support and are involved in the changes that the Results Act entails, the probability of sustaining those changes will increase substantially. Providing federal managers at all levels with greater authority and greater opportunities to participate in results-oriented activities can give them the experiences needed to increase their confidence in the benefits of managing for results. When such indicators are more widespread and pervasive among federal managers, agencies' commitment to achieving results and their ability to do so should be enhanced governmentwide.

Efforts to Integrate Performance Information With Budget Decisions and to Develop a New Reporting Framework Are Promising

Addressing some of the challenges discussed earlier in this report, such as crosscutting program efforts and balances among competing priorities, raises significant policy issues for Congress and the administration to consider, and some issues will likely be very difficult to resolve. Our work has indicated that the program performance information that is to be generated under the Results Act will become most useful to congressional and executive branch decisionmakers when that information is systematically linked with resource allocation decisions and reported within a framework that allows for fuller assessments of results, operational performance, and costs.

Although budgeting is inherently an exercise in political choice, the Results Act is based on the premise that budget decisions should take into consideration an agency's expectations about program performance. Therefore, the Results Act's success or failure should not be judged on whether contentious budget and other policy issues are fully resolved; rather, the success or failure of the Results Act will likely turn on the extent to which the information produced through the Act's goal-setting and performance measurement practices, once those practices are successfully implemented, helps Congress and the executive branch make informed policy decisions and improve program management.

Agencies are to provide the first annual performance plans, covering fiscal year 1999, to OMB in the fall of 1997 and to Congress after the President's budget is submitted in 1998. These plans are to directly link executive branch performance planning with the budget process. Agencies are to accomplish this link by basing their annual program performance goals on their program activity structures as listed in the President's budget. However, our recent report on previous governmentwide initiatives to better align spending decisions with expected performance—commonly referred to as performance budgeting—found that the extent to which the budget's program activity structures can be directly linked to a results-oriented performance framework varies widely among program activities. For Congress and the executive branch to reach agreement on changes to these structures will be a time-consuming and difficult process that will require more than one budget cycle to resolve.¹

Over the longer term, improved financial reporting and auditing as required by the CFO Act is to strengthen the cost basis and reliability of performance information. In this regard, reporting concepts and standards developed by the Federal Accounting Standards Advisory Board (FASAB)

¹GAO/AIMD-97-46, March 27, 1997.

are intended to provide congressional and other decisionmakers for the first time with annual “report cards” on the costs, management, and effectiveness of federal agencies in order to help strengthen federal decisionmaking and agencies’ accountability.² In addition, FASAB’s new cost accounting standards are intended to strengthen federal decisionmaking by requiring agencies to provide relevant and reliable cost information that can be used, for example, to relate the costs of various programs and activities with their performance outputs and results.

The Results Act Seeks to Better Align Desired Results With Budget Decisions

Congress intended for the Results Act’s annual performance plans to help Congress and the executive branch make informed decisions by providing a simple, straightforward linkage among plans, budgets, and performance results—a linkage that we have found did not exist in the past. Our report on performance budgeting initiatives demonstrated the importance of making this linkage if the Results Act’s goal of better aligning expected results with budget decisions is to be met. We reported that past performance budgeting initiatives, such as PPBS, which was initiated governmentwide in 1965 by President Johnson, generated unique performance information that was often unconnected to the structures used in congressional budget presentations. We found that consequently, congressional interest in these initiatives quickly waned as plans and performance results could not be directly linked to familiar oversight and budget structures. In the end, we concluded that structural incompatibilities meant that resource decisions were not linked to the information generated by the past performance budgeting efforts.

The Results Act attempts to establish this linkage by requiring agencies to base the goals in their annual performance plans on the program activity structures used in their budget submissions and to provide these performance plans to Congress each year after the president’s budget is submitted. Program activities are listings of projects and activities contained in the president’s budget and are intended to provide a meaningful representation of agency operations. The Results Act allows agencies to aggregate, disaggregate, or consolidate program activities for performance planning purposes. We noted in our performance budgeting report that program activity structures are used to provide a relatively consistent framework for OMB and congressional budget decisions. Congress also often uses the program activity structures to form the basic

²FASAB was created in October 1990 by the Secretary of the Treasury, the Director of OMB, and the Comptroller General to consider and recommend accounting principles for the federal government.

unit of congressional oversight for determining reprogramming thresholds.³

We reported that an agency's program activities generally result from negotiations between the agency, OMB, and the relevant congressional appropriations subcommittees. Program activity structures, therefore, typically are tailored to meet the specific needs of an agency, OMB, and Congress. Thus, program activity structures represent programmatic, process, organizational, or other orientations depending on the needs, interests, and experiences of agencies, OMB, and Congress. Moreover, program activities differ from agency to agency; and within agencies, they differ from budget account to budget account. For example, the "space station" program activity in the National Aeronautics and Space Administration's budget is a discrete program. In contrast, the "park management" program activity under the National Park Service's budget represents process and/or functional efforts.

Because of the wide variability across program activities, we noted that the suitability of current program activity structures for the Results Act's performance planning and measurement also will vary. Agency officials we spoke to as part of our review of previous performance budgeting initiatives highlighted the varying suitability of their program activity structures for the Results Act's purposes. One agency successfully worked through the performance planning process using its existing program activities. A second agency had program activities that reflected its organizational units—a structural approach that is useful for traditional accountability purposes, such as monitoring outputs and staff levels, but less useful for results-oriented planning. This agency therefore found it necessary to devise a separate planning structure and then crosswalk performance goals back to the budget's program activities. Still other agencies separated performance planning from program activity structures, believing it necessary to first establish appropriate program goals, objectives, and measures before considering the link to the budget.

Our discussions with agency officials and congressional staff found that they tended to view the need for and benefits of adjustments to program activities from very different perspectives. Congressional staff were generally comfortable with existing activity structures and questioned

³Reprogramming is the shifting of funds within an appropriation to purposes different from those contemplated at the time the appropriation was requested and provided. Several appropriations subcommittees use program activity structures to establish reprogramming thresholds. If an agency needs to shift funds from one activity to another above the threshold, it is expected to notify the appropriate subcommittee.

whether changes would frustrate congressional oversight. The staff generally viewed these structures as fundamental to congressional oversight of agency activities; thus, they viewed changes with apprehension and concern. However, some agency officials saw program activity structures as secondary to planning; thus, where current program activity structures proved unsuitable for planning purposes, these officials viewed change in program activity structures as inevitable and appropriate. However, they noted that negotiating changes with Congress could prove difficult and time-consuming.

Integrated Performance, Cost, and Management Reports Provide Basis for Supporting Key Decisions

Our work has shown that congressional and executive branch decisionmakers have been handicapped by the absence of reliable and valid performance, program cost, and management information needed to make well-informed decisions.⁴ If successfully implemented, the performance measurement and reporting requirements under the Results Act will provide congressional and executive branch decisionmakers with a wealth of information on the results of agencies' efforts. We have testified that such information will be most useful to congressional and executive branch decisionmakers if it is consolidated with critical financial and program cost data in financial statements, which agencies are to produce and have audited under the CFO Act.⁵ The CFO Act also sets expectations for agencies to deploy modern systems to replace existing antiquated, often manual, processes; develop better performance and cost measures; and design results-oriented reports on the government's financial condition and operating performance by integrating budget, accounting, and program information.

The results-oriented reports will be most effective if they support a wide range of decisions—including budget, policy, program management, and accountability—that are routinely made by Congress and the executive branch. The challenge of developing reports that are specifically tailored to meet decisionmakers' needs and that are based on appropriate accounting standards is being met by FASAB. FASAB has put together a new set of accounting concepts and standards based on a framework that

⁴See Information Resources: Summary of Federal Agencies' Information Resources Management Programs ([GAO/IMTEC-92-13FS](#), Feb. 13, 1992); Financial Management: CFO Act Is Achieving Meaningful Progress ([GAO/T-AIMD-94-149](#), June 21, 1994); Government Reform: Using Reengineering and Technology to Improve Government Performance ([GAO/T-OCG-95-2](#), Feb. 2, 1995); Managing for Results: Critical Actions for Measuring Performance ([GAO/T-GGD/AIMD-95-187](#), June 20, 1995); and High-Risk Areas: Actions Need to Solve Pressing Management Problems ([GAO/T-AIMD/GGD-97-60](#), Mar. 5, 1997).

⁵Financial Management: Continued Momentum Essential to Achieve CFO Act Goals ([GAO/T-AIMD-96-10](#), Dec. 14, 1995).

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financial reporting should demonstrate accountability and provide information useful for planning, controlling, and conducting the federal government's functions. These concepts and standards underpin OMB's guidance to agencies on the form and content of their agencywide financial statements.

The new accounting concept statements—the Objectives of Federal Financial Reporting and Entity and Display—establish a new reporting model for federal agencies that is geared to providing users with information about budgetary integrity, operating performance, stewardship, and systems and controls. Through this new reporting model, Congress, agency decisionmakers, and the American public will receive annual audited financial reports that are to

- present a top-level overview discussion of the significance of the financial information in accounting reports and commentary on performance goals and results that are consistent with measures an agency uses under the Results Act;
- report, and thus make auditable, (1) uses of budgetary resources that are made available by Congress, (2) obligations incurred, (3) the balance of budgetary resources, and (4) outlays;
- show total cost, earned revenues (if any), and net cost of agency operations and programs in a manner that enables users to relate costs to outputs and results;
- report (1) unspent funds; (2) other operating assets available for use in providing government goods, services, and benefits; and (3) all liabilities incurred, with separate displays of those that would require future funding by Congress; and
- reflect the nation's assets and investments for which the federal government has a stewardship responsibility.

As authorized by GMRA—which expanded the requirements of the CFO Act—OMB is piloting accountability reports that are consistent with the FASAB accountability reporting concept. OMB worked with six agencies to pilot the development of accountability reports for fiscal year 1995 and added an additional eight agencies to the pilot test in fiscal year 1996. According to OMB, additional agencies will produce accountability reports for fiscal year 1997. By seeking to consolidate and integrate the separate reporting requirements of the Results Act, the CFO Act, and other specified

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acts, the accountability reports are to show the degree to which an agency met its goals, at what cost, and whether the agency was well run.⁶

Along with the new reporting model, FASAB developed cost accounting standards that are to be effective beginning with fiscal year 1997—the first set of standards that are to account for the costs of federal programs. These standards require agencies to develop measures of the full costs of carrying out a mission or producing products or services. Thus, decisionmakers are to have information on the costs of all resources used, including the cost of services provided by others to support activities or programs. Such information would allow for comparisons of the costs of various programs and activities with their performance outputs and results. To help agencies implement the cost accounting standards and related requirements set forth in the CFO Act and the Result Act, the Joint Financial Management Improvement Program (JFMIP)—which develops the requirements that agencies’ financial management systems are to meet—has issued an exposure draft, entitled “Managerial Cost Accounting System Requirements.”⁷ This document is intended to facilitate the acquisition and development of managerial cost accounting systems by specifying the minimum information and functional processing requirements agencies needed to accumulate and assign cost data consistent with governmentwide guidance.

In addition, fiscal year 1997 will usher in the new requirements of the Federal Financial Management Improvement Act of 1996, which will help ensure greater attention to making much needed improvements in underlying financial management systems. This act requires agencies’ financial management systems to comply with FASAB standards and JFMIP system requirements.

Our work has shown that developing the necessary information systems to gather, process, and analyze the needed program and cost information will be a substantial undertaking for most federal agencies because of agencies’ persistent weaknesses in the use of information technology.⁸ To help address problems in agencies’ use of information technology, Congress enacted the Paperwork Reduction Act of 1995 and the

⁶Managing For Results: Using GPRA to Assist Congressional and Executive Branch Decisionmaking (GAO/T-GGD-97-43, Feb. 12, 1997).

⁷JFMIP is a joint initiative of OMB, GAO, the Department of the Treasury and the Office of Personnel Management, which are working in cooperation to improve financial management practices throughout the federal government.

⁸See, most recently, High-Risk Series: Information Management and Technology (GAO/HR-97-9, Feb. 1997).

Clinger-Cohen Act of 1996. This information technology reform legislation introduced requirements, in large part based on GAO's research, that are intended to significantly improve agencies' management, including how they select and manage information technology resources. We have reported that together with GPRA and the CFO Act, this reform legislation directs agencies to implement a framework of modern technology management—one based on practices followed by leading public sector and private sector organizations that have successfully used technology to dramatically improve performance and meet strategic goals.⁹

Conclusions

The Results Act's annual performance plans are to establish a direct linkage between the goals in those plans and the congressional and executive branch budget processes. This linkage between the Results Act and budget decisions is key to Congress and the executive branch ultimately being able to connect resources to results. Our work reviewing the Results Act and previous performance budgeting efforts suggests that due to the great variability among agencies' program activity structures, Congress and the executive branch will likely be challenged as they attempt to link performance goals with the budget's program activity structures.

Therefore, the successful integration of performance goals developed under the Results Act into budget decisionmaking may take several annual budget cycles before Congress, OMB, and executive agencies are able to make significant progress. We have noted that in the short term, the challenges in reaching agreements on whether and how to realign program activities may require agencies to develop crosswalks between their performance goals and current program activity structures. However, if long-term progress in this integration is not achieved, the overall usefulness of the Results Act's performance plans as a tool for improved congressional and executive branch decisionmaking may be compromised.

Reports that present an agency's financial condition and the results of its operations in an integrated way also hold promise for enhancing the usefulness of performance information. We have noted that such reports, which are independently audited, will help correct the lack of complete and reliable information that has been a source of concern for congressional and executive branch decisionmakers for decades. Under

⁹GAO/AIMD-94-115, May 1994 and Assessing Risks and Returns: A Guide for Evaluating Federal Agencies' IT Investment Decision-making (GAO/AIMD-10.1.13, Feb. 1997).

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FASAB's new cost accounting standards, agencies are also required, for the first time, to provide decisionmakers with measures of the full costs of carrying out a mission or providing a service. If fully and effectively implemented, integrated accountability reports can facilitate congressional and executive branch decisionmaking by consolidating performance, cost, and financial data in a single, user-friendly document.

Survey on Results-Oriented Management Practices

GAO

United States General Accounting Office

Survey on Results-Oriented Management Practices

Introduction

The U.S. General Accounting Office (GAO), an independent agency of Congress, is studying the federal government's use of results-oriented management practices. As part of our study, we are sending a questionnaire to a random, nationwide sample of mid- and upper-level federal employees in the 24 agencies covered by the Chief Financial Officers Act of 1990.

We are conducting this survey to obtain information from mid- and upper-level federal employees on their experiences with results-oriented management practices and related challenges. Over the last 3 years, Congress and the administration have been undertaking federal management reforms intended to shift the focus of federal agencies from tracking activity and staffing levels to setting goals for program performance, measuring results, and establishing accountability for those results. For example, Congress passed the Government Performance and Results Act of 1993 (GPRA), which agencies must begin implementing in fiscal year 1997. The administration's National Performance Review (NPR), initiated in 1993, is another such effort.

Most of the questions in this questionnaire can be answered by checking boxes or filling in blanks. Space has been provided at the end of the questionnaire for any additional comments. The questionnaire should take about 30 minutes to complete.

GAO will take steps to safeguard the privacy of your responses. The number on this questionnaire is included only to aid us in our follow-up efforts. Before releasing our report, we will remove this number so that your questionnaire can no longer be matched with your name. Survey results will be reported in summary form only. In addition, results will not be reported on an agency-by-agency basis. Any discussion of individual answers or comments will omit any information that could identify the respondent.

Please return your completed questionnaire in the enclosed pre-addressed, postage-paid envelope within 10 working days of receipt. In the event the envelope is misplaced, the return address is:

U.S. General Accounting Office
 Ms. Joyce Corry
 441 G Street, N.W., Room 2908
 Washington, DC 20548

If you have any questions, please call either Joyce Corry at (202) 512-9259 or Kathy Peyman at (202) 512-9536.

We urge you to complete this questionnaire. We cannot develop meaningful information without your frank and honest answers. Thank you very much for your time.

Total unweighted N = 905
 Total weighted N = 92,912

NOTE: Percents reported are weighted percents based on the weighted N of 92,912. Unweighted N reported for each item. Percentage of respondents who did not answer each specific question is not presented.

Background

1. What is your current grade level? (*Check one.*)

- | | |
|------------------------------------------------------|-------|
| | N=904 |
| 1. <input type="checkbox"/> GS/GM-13 or equivalent | 37.4% |
| 2. <input type="checkbox"/> GS/GM-14 or equivalent | 30.2% |
| 3. <input type="checkbox"/> GS/GM-15 or equivalent | 24.5% |
| 4. <input type="checkbox"/> Senior Executive Service | 6.8% |
| 5. <input type="checkbox"/> Other (Please specify.) | 1.1% |

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2. Would you describe your role as a supervisor, a manager, both, or neither? *(Check one.)* N=904

- 1. Supervisor (Defined as an employee that is responsible for and directs the work of others.) 19.4%
- 2. Manager (Defined as an employee that is accountable for and directs the activities of some of an agency's programs/operations/projects.) 13.0%
- 3. Both a supervisor and a manager 64.8%
- 4. Neither a supervisor nor a manager 2.7%

3. In your role, approximately how many government employees are you responsible for? *(Please specify the total number. If none, enter 0.)*

_____ employees N=892
 Mean = 82.1
 Median = 12.0
 Range = 0-65,000

4. Are you employed by a defense or a non-defense agency? *(Check one.)*

- 1. Defense agency N=899 37.3%
- 2. Non-defense agency 62.2%

5. Please provide a brief summary description of the program(s)/operation(s)/project(s) that you are involved with.

N=876
 96.7% provided a description

6. Which of the following categories describe the program(s)/operation(s)/project(s) that you are involved with? *(Check all boxes that apply to you.)*

Percents total more than 100 percent due to multiple responses.

- 1. Internal agency efforts (i.e., staff offices such as planning, policy, human resources management, procurement, fiscal management, or Office of the Secretary). N=452 (44.4%)
- 2. Federal government-wide support (i.e., direct services to federal employees or agencies, such as human resources management by the Office of Personnel Management or procurement by the General Services Administration) N=117 (13.1%)
- 3. Research and development (i.e., research to increase technical knowledge or develop new or improved products) N=269 (27.8%)
- 4. Credit (i.e., monetary credit provided to citizens or nonfederal entities through direct loan or loan guarantee) . . . N=49 (2.2%)
- 5. Grants (i.e., formula-based grants or those that provide funding for specific activities or projects in response to applications or proposals by individuals or institutions) N=127 (7.1%)
- 6. Regulatory/enforcement (i.e., develop, promulgate, and enforce rules and procedures governing the behavior and operations of individuals, firms, organizations, agencies, or communities) N=371 (36.9%)
- 7. Service delivery (i.e., provide direct services to citizens or nonfederal entities) . N=324 (30.2%)
- 8. Other - Please specify: _____
 _____ . . . N=114 (17.4%)

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7. Does a major aspect of the program(s)/operation(s)/project(s) that you are involved with include financial or administrative activities with state/local governments or agencies? *(Check one.)*

N=897

- 1. Yes 22.0%
- 2. No 77.0%

8. If you checked **only one box** in question 6 on page 2 → *Go to section on "Agency Mission and Goals" below.*

If you checked **more than one box** in question 6 → **Which one** of the categories that you checked best describes the program(s)/operation(s)/project(s) that you consider yourself to be most involved with?

Please enter the number next to the box that you checked in question 6 that corresponds to this category. . . . _____

N=889

- 1 - Internal agency efforts 31.9%
- 2 - Federal Government-wide support 5.7%
- 3 - Research and development 16.1%
- 4 - Credit 0.8%
- 5 - Grants 0.8%
- 6 - Regulatory/enforcement 22.0%
- 7 - Service delivery 16.0%
- 8 - Other 4.8%

Agency Mission and Goals

Please note the following terms:

Agency - When we refer to "your agency" in a question we are referring to the governmental component where you work.

If you work in an **independent agency**, such as the Environmental Protection Agency, the Nuclear Regulatory Commission, or the Small Business Administration, this independent agency would be "your agency".

If you work in a **cabinet-level department**, such as the Department of Transportation, the Department of Commerce, or the Department of Defense, "your agency" would be that cabinet-level department **unless** you work in a **major component of that department**.

In that case, "your agency" would be the **major component of the cabinet-level department**.

Examples of major components of a cabinet-level department include the Defense Logistics Agency, the Bureau of the Census, the Federal Aviation Administration, the Army, and the Forest Service.

Agency mission - Explains why the governmental component where you work exists, tells what it does, and describes how it does it.

Agency strategic goals - Based **directly** on the agency mission. Strategic goals are long-term goals that explain the purposes of the agency's programs and the results they are intended to achieve. These may be referred to as corporate or general goals.

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9. To what extent, if at all, has your agency done the following? *(Check one box in each row.)*

Extent to which my agency has . . .	To a very great extent (1)	To a great extent (2)	To a moderate extent (3)	To a small extent (4)	To no extent (5)	No basis to judge (6)
a. communicated its mission to me in a clear, understandable way. N=902	35.3%	42.7%	15.4%	6.0%	0.4%	0.0%
b. defined its strategic goals. N=898	24.2%	38.5%	24.4%	9.7%	2.4%	0.4%
c. communicated to me how my everyday job responsibilities relate to the attainment of the agency's strategic goals. N=902	15.3%	29.0%	34.8%	13.1%	6.0%	1.5%
d. developed meaningful ways to measure whether the agency is achieving its strategic goals. N=903	7.8%	21.2%	36.4%	26.0%	3.6%	5.0%
e. communicated the link between the achievement of agency strategic goals and the performance of my program(s)/operation(s)/project(s). N=902	10.1%	23.7%	31.4%	22.5%	9.1%	3.0%

10. 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.)*

Extent to which I consider my agency's strategic goals when . . .	To a very great extent (1)	To a great extent (2)	To a moderate extent (3)	To a small extent (4)	To no extent (5)	No basis to judge/ Not applicable (6)
a. setting program priorities. N=901	30.2%	39.6%	17.2%	7.3%	1.7%	3.8%
b. allocating resources. N=901	22.1%	42.1%	21.7%	6.4%	1.8%	5.8%
c. adopting new program approaches or changing work processes. N=900	20.3%	41.1%	24.9%	8.2%	2.4%	2.6%
d. coordinating program efforts with other internal or external organizations. N=900	18.3%	40.9%	28.5%	8.0%	1.5%	2.9%
e. developing or refining program performance measures. N=898	13.4%	34.6%	25.4%	16.5%	3.1%	6.9%
f. setting individual job expectations for the government employees I manage or supervise. N=901	16.7%	34.4%	26.1%	13.2%	5.3%	3.9%
g. rewarding government employees I manage or supervise. N=901	16.4%	29.1%	28.2%	14.6%	6.2%	5.5%

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Performance Measurement

Please note:

Performance measurement includes (1) developing performance measures to track progress made in achieving predetermined goals and (2) using performance information to make organizational and management decisions.

11. Are there performance measures for the program(s)/operation(s)/project(s) that you are involved with? (Check one.)
- N=901
1. Yes 76.5% → *Continue with question 12.*
2. No 19.0% } → *Skip to question 15.*
3. Do not know 4.1%

Please note: The N's reported for questions 12, 13, and 14 represent only the number of respondents who answered "Yes" to question 11. The 23.1 percent of respondents who answered "No" or "Do not know" to question 11 is not shown for each item.

12. 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 each of the following activities? (Check one box in each row.)

Extent to which I use information obtained from performance measurement when . . .		To a very great extent	To a great extent	To a moderate extent	To a small extent	To no extent	No basis to judge/ Not applicable
		(1)	(2)	(3)	(4)	(5)	(6)
a.	setting program priorities. N=756	14.9%	33.6%	17.8%	5.1%	2.3%	1.4%
b.	allocating resources. N=756	14.9%	29.9%	18.4%	5.4%	3.1%	3.5%
c.	adopting new program approaches or changing work processes. N=753	13.3%	35.3%	17.4%	4.5%	3.0%	1.6%
d.	coordinating program efforts with other internal or external organizations. N=755	10.7%	30.4%	18.8%	9.2%	3.3%	2.1%
e.	refining program performance measures. N=748	10.9%	26.0%	22.5%	7.8%	4.5%	2.7%
f.	setting new or revising existing performance goals. N=751	13.4%	28.4%	21.4%	6.2%	2.1%	2.8%
g.	setting individual job expectations for the government employees I manage or supervise. N=755	15.8%	28.3%	18.3%	6.8%	3.3%	2.7%
h.	rewarding government employees I manage or supervise. N=755	13.4%	24.6%	23.1%	7.7%	3.4%	2.9%

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13. There are a number of ways to measure the results of a program/operation/project. The ways that are listed in the left-hand column of the table below are among those that are used most often.

To what extent, if at all, do you agree with each of 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. If you are unsure about the situation 3 years ago or the current situation, please check column 6 "No basis to judge/Not applicable".)

Extent to which I agree with the following statements:	To a very great extent	To a great extent	To a moderate extent	To a small extent	To no extent	No basis to judge/ Not applicable
	(1)	(2)	(3)	(4)	(5)	(6)
a. <u>3 years ago</u> , we had performance measures that told us how many things we produced or services we provided. N=762	12.1%	14.5%	20.0%	15.1%	8.6%	5.4%
b. <u>Currently</u> , we have performance measures that tell us how many things we produce or services we provide. N=760	14.0%	23.8%	21.4%	7.7%	6.7%	1.9%
c. <u>3 years ago</u> , we had performance measures that told us if we were operating efficiently. N=761	6.0%	10.9%	20.9%	21.0%	10.9%	5.7%
d. <u>Currently</u> , we have performance measures that tell us if we are operating efficiently. N=761	7.2%	18.7%	25.2%	16.0%	6.7%	1.9%
e. <u>3 years ago</u> , we had performance measures that told us whether or not we were satisfying our customers. N=762	2.1%	8.5%	17.1%	25.3%	16.7%	6.0%
f. <u>Currently</u> , we have performance measures that tell us whether or not we are satisfying our customers. N=761	7.0%	24.6%	20.9%	12.4%	8.5%	2.3%
g. <u>3 years ago</u> , we had performance measures that told us about the quality of the products or services we provided. N=761	5.6%	13.3%	20.3%	18.4%	11.3%	6.5%
h. <u>Currently</u> , we have performance measures that tell us about the quality of the products or services we provide. N=761	8.2%	22.7%	23.5%	11.4%	7.2%	2.7%
i. <u>3 years ago</u> , we had performance measures that would demonstrate to someone outside our agency whether or not we were achieving our intended results. N=762	5.2%	13.4%	17.6%	19.2%	12.5%	7.8%
j. <u>Currently</u> , we have performance measures that would demonstrate to someone outside our agency whether or not we are achieving our intended results. N=762	8.7%	23.1%	22.9%	12.2%	5.1%	3.6%

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14. 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?
(Check one box in each row.)

Extent to which the following factors hindered measuring performance or using performance information:	To a very great extent (1)	To a great extent (2)	To a moderate extent (3)	To a small extent (4)	To no extent (5)	No basis to judge (6)
a. Difficulty determining meaningful measures. N=757	15.0%	20.0%	20.2%	12.1%	6.7%	0.7%
b. Different parties are using different definitions to measure performance. N=758	11.6%	23.2%	15.7%	12.7%	8.4%	3.0%
c. Difficulty obtaining valid or reliable data. N=760	8.6%	18.2%	20.5%	17.8%	9.5%	0.4%
d. Difficulty obtaining data in time to be useful. N=757	7.0%	13.3%	24.0%	19.0%	11.0%	0.6%
e. High cost of collecting data. N=757	7.0%	10.1%	16.8%	18.1%	15.6%	7.3%
f. Lack of incentives (e.g., rewards, positive recognition). N=758	7.3%	15.9%	18.3%	19.5%	12.1%	2.1%
g. Difficulty resolving conflicting interests of stakeholders, either internal or external. N=758	8.9%	12.6%	20.3%	16.4%	8.9%	7.7%
h. Results of our program(s)/operation(s)/ project(s) occurring too far in the future to be measured. N=760	3.3%	8.6%	19.8%	19.7%	19.1%	4.5%
i. Difficulty distinguishing between the results produced by the program and results caused by other factors. N=760	5.5%	10.7%	24.6%	18.3%	12.0%	4.3%
j. Existing information technology and/or systems not capable of providing needed data. N=760	6.4%	13.9%	9.7%	26.4%	16.4%	2.2%
k. Concern that performance information could be used against my program or agency. N=758	1.3%	7.6%	11.8%	18.8%	31.3%	4.2%
l. Lack of staff who are knowledgeable about gathering and/or analyzing performance information. N=758	5.6%	13.4%	21.9%	17.4%	15.1%	1.6%
m. Lack of ongoing <u>top executive</u> commitment or support for using performance information to make program/funding decisions. N=758	6.5%	11.3%	17.9%	14.5%	18.3%	6.1%
n. Lack of ongoing <u>congressional</u> commitment or support for using performance information to make program/funding decisions. N=758	7.6%	11.4%	13.7%	9.2%	15.3%	17.8%
o. Difficulty determining how to use performance information to improve the program. N=759	3.1%	12.0%	24.8%	20.1%	12.7%	2.3%
p. Difficulty determining how to use performance information to set new or revise existing performance goals. N=759	2.5%	12.1%	23.5%	21.9%	13.1%	1.9%

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Agency Climate

15. To what extent, if at all, do you agree with the following statements? (Check one box in each row. If you are unsure about the situation 3 years ago or the current situation, please check column 6 "No basis to judge/Not applicable".)

Extent to which I agree with the following statements:	To a very great extent	To a great extent	To a moderate extent	To a small extent	To no extent	No basis to judge/ Not applicable
	(1)	(2)	(3)	(4)	(5)	(6)
a. <u>3 years ago</u> , agency managers/supervisors at my level had the decisionmaking authority they needed to help the agency accomplish its strategic goals. N=890	7.3%	24.6%	25.6%	30.4%	5.7%	3.8%
b. <u>Currently</u> , agency managers/supervisors at my level have the decisionmaking authority they need to help the agency accomplish its strategic goals. N=890	6.2%	24.7%	32.2%	25.8%	6.6%	1.8%
c. <u>3 years ago</u> , agency managers/supervisors at my level were held accountable for the results of the program(s)/operation(s)/project(s) they were responsible for. N=890	12.8%	35.3%	28.0%	14.6%	2.9%	3.7%
d. <u>Currently</u> , agency managers/supervisors at my level are held accountable for the results of the program(s)/operation(s)/project(s) they are responsible for. N=890	14.8%	39.8%	28.7%	10.3%	2.6%	1.1%
e. <u>3 years ago</u> , employees in my agency received positive recognition for helping the agency accomplish its strategic goals. N=889	5.3%	23.2%	37.3%	21.8%	5.9%	3.7%
f. <u>Currently</u> , employees in my agency receive positive recognition for helping the agency accomplish its strategic goals. N=889	4.9%	21.3%	37.1%	25.0%	7.7%	1.2%
g. <u>3 years ago</u> , the individual I reported to periodically reviewed with me the results or outcomes of the program(s)/operation(s)/project(s) that I was responsible for. N=889	11.8%	25.0%	24.2%	24.5%	8.6%	3.1%
h. <u>Currently</u> , 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. N=890	12.6%	29.7%	25.2%	19.9%	9.0%	1.0%

Continued on next page.

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15. (Continued) To what extent, if at all, do you agree with the following statements?
(Check one box in each row. If you are unsure about the situation 3 years ago or the current situation,
please check column 6 "No basis to judge/Not applicable".)

Extent to which I agree with the following statements:	To a very great extent	To a great extent	To a moderate extent	To a small extent	To no extent	No basis to judge/ Not applicable
	(1)	(2)	(3)	(4)	(5)	(6)
i. <u>3 years ago</u> , results or outcome-oriented performance information for the program(s)/operation(s)/ project(s) I was responsible for was used by the agency to help develop its budget. N=895	3.5%	12.7%	26.2%	14.4%	19.1%	22.8%
j. <u>Currently</u> , results or outcome-oriented performance information for the program(s)/operation(s)/ project(s) I am responsible for is used by the agency to help develop its budget. N=897	4.7%	16.4%	26.8%	19.4%	12.2%	19.2%
k. <u>3 years ago</u> , funding decisions for the program(s)/operation(s)/project(s) I was responsible for were based on results or outcome-oriented performance information. N=894	2.1%	12.0%	24.7%	25.4%	15.1%	19.4%
l. <u>Currently</u> , funding decisions for the program(s)/operation(s)/project(s) I am responsible for are based on results or outcome-oriented performance information. N=896	2.8%	17.0%	26.2%	23.2%	12.4%	17.1%
m. <u>3 years ago</u> , legislative changes to the program(s)/operation(s)/project(s) I was responsible for were based on results or outcome-oriented performance information. N=895	1.5%	7.2%	12.2%	19.8%	19.7%	38.3%
n. <u>Currently</u> , legislative changes to the program(s)/ operation(s)/project(s) I am responsible for are based on results or outcome-oriented performance information. N=895	2.0%	10.6%	14.9%	17.2%	19.6%	34.2%
o. <u>3 years ago</u> , changes by management above my level to the program(s)/operation(s)/project(s) I was responsible for were based on results or outcome-oriented performance information. N=895	1.8%	10.0%	22.7%	25.9%	17.2%	21.0%
p. <u>Currently</u> , 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. N=897	2.6%	13.8%	25.4%	25.2%	15.0%	16.9%
q. <u>3 years ago</u> , my agency's top leadership demonstrated a strong commitment to achieving results. N=896	11.0%	32.5%	26.8%	13.8%	4.5%	10.1%
r. <u>Currently</u> , my agency's top leadership demonstrates a strong commitment to achieving results. N=897	15.9%	41.1%	22.4%	9.5%	4.7%	5.4%

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16. Please answer questions A. and B. for each of the following tasks.

Tasks	A. During the past 3 years, has your agency provided, arranged, or paid for training that would help you to accomplish the following tasks?		B. In your opinion, to what extent, if at all, do you need training (or additional training) in order to help you accomplish the following tasks?					
	Yes (1)	No (2)	To a very great extent (1)	To a great extent (2)	To a moderate extent (3)	To a small extent (4)	To no extent (5)	Not applicable (6)
a. Conduct strategic planning. N=882	39.3%	59.6%	8.7%	18.6%	28.6%	25.5%	11.6%	4.8%
b. Set program performance goals. N=884	34.7%	63.8%	8.6%	21.9%	29.4%	22.7%	11.4%	3.8%
c. Develop program performance measures. N=881	36.3%	61.7%	10.7%	28.3%	23.8%	20.5%	9.9%	3.6%
d. Use program performance information to make decisions. N=881	30.7%	67.5%	8.9%	21.8%	29.4%	21.4%	11.9%	3.9%
e. Link the performance of program(s)/operation(s)/project(s) to the achievement of agency strategic goals. N=877	28.0%	70.4%	9.5%	22.5%	29.1%	22.1%	9.7%	3.6%
f. Implement the requirements of the Government Performance and Results Act (GPRA). N=871	19.1%	78.0%	13.5%	27.5%	20.5%	15.8%	8.9%	9.3%

17. To what extent, if at all, does your agency provide you with access to knowledgeable people (either from within or outside of the agency) that can provide assistance to you for the types of tasks listed in question 16 above? (Check one.)

- N=865
- 1. To a very great extent 9.4%
 - 2. To a great extent 12.3%
 - 3. To a moderate extent 25.2%
 - 4. To a small extent 22.4%
 - 5. To no extent 15.7%
 -
 - 6. Not applicable, assistance not needed 2.4%
 - 7. No basis to judge 7.5%

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Government Performance and Results Act (GPRA)

18. Prior to receiving this questionnaire, which of the following statements best describes your awareness of GPRA?
(Check one.)

- | | |
|----------------------------------------------------------------------------------------------------------|-------|
| | N=901 |
| 1. <input type="checkbox"/> I had never heard of GPRA. | 27.4% |
| 2. <input type="checkbox"/> I heard of GPRA but had <u>no knowledge</u> of its requirements. | 19.9% |
| 3. <input type="checkbox"/> I heard of GPRA and had a <u>low level of knowledge</u> of its requirements. | 27.1% |
| 4. <input type="checkbox"/> I heard of GPRA and had <u>moderate knowledge</u> of its requirements. | 21.4% |
| 5. <input type="checkbox"/> I heard of GPRA and had <u>extensive knowledge</u> of its requirements. | 4.1% |

19. To what extent have you and the staff under your direction been involved in your agency's efforts in implementing GPRA?
(Check one box in each row.)

Extent of involvement implementing GPRA		To a very great extent (1)	To a great extent (2)	To a moderate extent (3)	To a small extent (4)	To no extent (5)	Do not have staff (6)
a. Your involvement	N=890	3.2%	4.8%	19.0%	16.7%	54.1%	
b. Your staff's involvement	N=894	1.3%	4.3%	11.0%	16.5%	59.9%	5.7%

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20. Please answer questions A. and B. for **each** of the following GPRA-related activities.

GPRA-Related Activities	A. <u>During the past 3 years</u> , have you been involved in these activities?		Please answer B. below <u>regardless</u> of whether you answered "Yes" or "No" for question A. B. In your opinion, how easy or difficult will it be (or has it been) for your agency to do each of the following activities?					
	Yes (1)	No (2)	Very easy (1)	Somewhat easy (2)	Neither easy nor difficult (3)	Somewhat difficult (4)	Very difficult (5)	No basis to judge (6)
a. Establishing long-term strategic goals for the agency. N=876	37.6%	60.7%	8.9%	24.3%	10.6%	25.1%	14.5%	14.1%
b. Reconciling differing congressional views on the agency's mission and strategic goals. N=875	9.6%	88.5%	3.0%	9.7%	9.1%	22.8%	24.8%	27.8%
c. Reconciling the views of other interested parties on the agency's mission and strategic goals. N=877	30.8%	67.4%	4.0%	10.1%	13.1%	28.5%	20.8%	21.0%
d. Developing ways to measure whether program performance goals are being achieved. N=880	48.9%	49.3%	4.6%	16.2%	17.2%	27.8%	19.5%	12.5%
e. Gathering and analyzing data to measure whether programs are meeting their specific performance goals. N= 875	54.9%	43.0%	5.2%	19.1%	16.1%	27.6%	16.9%	12.6%
f. Using measures for program performance goals to determine if the agency's strategic goals are being achieved. N=874	35.1%	63.0%	3.5%	18.6%	18.0%	24.8%	15.1%	17.5%
g. Publicly reporting on how well the agency's programs are meeting their specific performance goals. N=871	20.1%	78.0%	5.1%	18.1%	19.0%	17.5%	12.2%	25.6%

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21. To what extent, if at all, do you believe that your agency's efforts to implement GPRA to date have improved your agency's programs/operations/projects? (Check one.)

N=894

- | | |
|-----------------------------------------------------------------------------------------------------------|-------|
| 1. <input type="checkbox"/> I have not been sufficiently involved in GPRA in my agency to have an opinion | 57.0% |
| ----- | |
| 2. <input type="checkbox"/> To a very great extent | 0.5% |
| 3. <input type="checkbox"/> To a great extent | 3.7% |
| 4. <input type="checkbox"/> To a moderate extent | 12.8% |
| 5. <input type="checkbox"/> To a small extent | 14.7% |
| 6. <input type="checkbox"/> To no extent | 8.9% |

22. To what extent, if at all, do you believe that implementing GPRA can improve your agency's programs/operations/projects in the future? (Check one.)

N=896

- | | | |
|----------------------------------------------------|-------|-----------------------------------|
| 1. <input type="checkbox"/> To a very great extent | 6.5% | |
| 2. <input type="checkbox"/> To a great extent | 15.6% | |
| 3. <input type="checkbox"/> To a moderate extent | 21.7% | |
| 4. <input type="checkbox"/> To a small extent | 14.4% | |
| 5. <input type="checkbox"/> To no extent | 3.4% | → If to no extent, why not? _____ |
| ----- | | |
| 6. <input type="checkbox"/> No basis to judge | 36.0% | _____ |

Comments

23. If you have any additional comments regarding any previous question, comments concerning results-oriented management, or any comments/suggestions concerning the Government Performance and Results Act, please use the space provided below. If necessary, you may add additional sheets.

N=905

- | | |
|---------------------------------------------------------|-------|
| No comments | 66.4% |
| Comments | 25.4% |
| Comments in question 23 and questionnaire margins | 3.6% |
| Comments in questionnaire margins only | 4.7% |

Thank you for your assistance. Please return your questionnaire in the pre-addressed envelope.

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Acknowledgements

In addition to those named above, the following individuals made important contributions to this report: From the Accounting and Information Management Division: Linda F. Baker, Senior Evaluator; Michael J. Curro, Assistant Director; and Carolyn Yocum, Senior Evaluator. From the General Government Division: James M. Fields, Senior Social Science Analyst; Tracy J. Harris, Report Production Assistant; Catherine M. Hurley, Computer Programmer Analyst; Stuart M. Kaufman, Senior Social Science Analyst; Donna M. Leiss, Communications Analyst; Susan Ragland, Senior Evaluator; Theodore H. Saks, Senior Evaluator; Stephanie Shipman, Assistant Director; Gregory H. Wilmoth, Senior Social Science-Analyst; and Ellen Wineholt, Senior Evaluator. From the Office of Information Management and Technology: Delaney Branch, Customer Service Representative; Kenneth L. Cooper, Electronic Publishing Specialist; Gail M. Traynham, Lead Electronic Publishing Specialist; and Wanda L. Okoro, Customer Service Representative.

Appendix II
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Related GAO Products

Managing for Results: Analytic Challenges in Measuring Performance (GAO/HEHS/GGD-97-138, May 30, 1997).

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