



9TH ANNUAL PERFORMANCE REPORT SCORECARD

WHICH FEDERAL AGENCIES
BEST INFORM THE PUBLIC?

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Our mission is to generate knowledge and understanding of how institutions affect the freedom to prosper and hold organizations accountable for their impact on that freedom. The aim of our work is to enable individuals to live free, prosperous, and peaceful lives.

The Mercatus Center is located on George Mason University's Arlington Campus, along with the George Mason University School of Law, the Law and Economics Center, and our sister organization, the Institute for Humane Studies.

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The analysis, interpretations, and conclusions in this study are those of the authors and the research team and are not the official positions of the Mercatus Center or George Mason University.

EXECUTIVE SUMMARY

THE GOVERNMENT PERFORMANCE and Results Act of 1993 requires agencies to produce strategic plans, annual performance plans, and annual performance reports. Performance reporting started in fiscal year 1999.

That same year, researchers at the Mercatus Center at George Mason University initiated this Scorecard to foster continuous improvement in the quality of disclosure in agencies' annual performance reports. This study is our 9th annual evaluation of the performance and accountability reports produced by the 24 agencies covered under the Chief Financial Officers Act. We employed the same criteria used in previous Scorecards. Our scoring process evaluates (1) how transparently an agency discloses its successes and failures; (2) how well an agency documents the tangible public benefits it claims to have produced; and, (3) whether an agency demonstrates leadership that uses annual performance information to devise strategies for improvement. An expert team evaluated each report on 12 criteria—4 each for transparency, public benefits, and leadership.

By assessing the quality of agencies' reports, but not the quality of the results achieved, we wish to learn which agencies are supplying the information that citizens and their elected leaders need to make informed funding and policy decisions.

An important change for FY 2007 is that the Office of Management and Budget (OMB) allowed agencies to opt for a "pilot" format that allowed them to publish detailed performance information with their congressional budget justifications, required them produce a separate financial report, and required them to produce a shorter "highlights" document intended to summarize both performance and financial results.

KEY FINDINGS IN THIS YEAR'S SCORECARD INCLUDE:

Final Four Become Top Three: The Department of Transportation captured 1st place, scoring a record-high 55 points out of a maximum possible score of 60 points. The Labor Department captured 2nd with a score of 53, and Veterans Affairs took 3rd with 51 points. The State Department, long a top contender, plummeted to 18th—largely due to a new strategic plan whose goals and measures were much less outcome-oriented and the limited accessible performance information provided in the pilot format.

Big Gap Below Top: The Nuclear Regulatory Commission captured 4th place with a score of just 39—well below the 51 earned by Veterans Affairs, but a noticeable improvement over the 34 the NRC's report received for FY 2006.

Two Enormous Improvements: Two perennially poor reports—Homeland Security and Health and Human Services—achieved a double-digit climb in the rankings to tie with the Department of Commerce for 5th place. Their biggest improvements stem from new strategic plans with more outcome-oriented goals and measures.

Worst Score in History: The Department of Defense's FY 2007 report received the worst score in the history of the Mercatus Performance Report Scorecard—just 17 points. That score does not necessarily make this the worst GPRA performance report in history, however, since our scoring standards tighten each year to reflect new best practices. But it does represent a substantial drop from the 32 points the Defense report earned in FY 2006.

Average Score Drops: For the first time since FY 2001, the average total score dropped, from 36.4 in FY 2006 to 34.6 for FY 2007.

Substantial Room for Improvement: Average scores on 8 of our 12 criteria are still below 3 (out of a possible 5), suggesting there is still substantial room for improvement.

Two-Thirds of Spending Covered by Unsatisfactory Disclosure: About 35 percent of federal non-interest spending, or \$916 billion, was covered by reports earning a “satisfactory” score of 36 or better. This is a substantial improvement over FY 2006 when satisfactory reporting covered only 13 percent of spending. Nevertheless, \$1.7 trillion in spending is still covered by unsatisfactory disclosure.

Pilot Format Reduces Quality of Disclosure: For FY 2007, average scores for the 9 reports using the pilot format were 24 percent lower than scores of the 15 traditional performance and accountability reports. Scores for reports in the traditional format were about the same in FY 2007 as in FY 2006. Average scores for reports using the pilot format fell by about 12 percent in FY 2007, compared to the scores on their traditional performance and accountability reports in FY 2006.

Longer Wait Yields Little Additional Information: The pilot format made the public wait almost three additional months to get the performance information, since it was released with congressional budget justifications in February instead of being incorporated into a performance and accountability report in November. Yet the wait yielded little or no increase in the percentage of performance measures with complete data. Nor did we find significant new information that could not have been provided in November.

Highlights Documents Add Substantial Value: The principal benefit for the public of the pilot format is its emphasis on the shorter highlights document. However, the agencies producing traditional performance and accountability reports tended to produce the best highlights documents, even though OMB did not require them to do so.

Best Reporting Format: Based on the FY 2007 evaluation, we believe the best reporting format for communicating with the general public is a traditional performance and accountability report accompanied by a highlights document. Three of the top four reports used this format. Two other reports that ranked in the top five—HHS and Homeland Security—used the pilot format and produced highlights documents that clearly guided readers to supplemental material available elsewhere.

This Scorecard evaluates only the quality of agency reports, not the quality of the results the agencies produced for the public. Actual agency performance may or may not be correlated with report rankings in this Scorecard.

AGENCY NAMES AND ABBREVIATIONS USED IN THIS SCORECARD

AGENCY NAME	SHORT NAME	COMMONLY USED ABBREVIATIONS
Department of Agriculture	Agriculture	USDA
Department of Commerce	Commerce	DOC
Department of Defense	Defense	DOD
Department of Education	Education	DOEd
Department of Energy	Energy	DOE
Environmental Protection Agency		EPA
General Services Administration		GSA
Department of Health & Human Services	Health & Human Services	HHS
Department of Homeland Security	Homeland Security	DHS
Department of Housing & Urban Development		HUD
Department of the Interior	Interior	DOI
Department of Justice	Justice	DOJ
Department of Labor	Labor	DOL
National Aeronautics & Space Administration		NASA
National Science Foundation		NSF
Nuclear Regulatory Commission		NRC
Office of Personnel Management		OPM
Small Business Administration		SBA
Social Security Administration	Social Security	SSA
Department of State	State	State
Department of Transportation	Transportation	DOT
Department of the Treasury	Treasury	Treasury
U.S. Agency for International Development		USAID
Department of Veterans Affairs	Veterans	VA

TABLE 1

Scorecard Summary & Ranking for Fiscal Year 2007

Highest Rank = 1; Lowest = 24. Maximum Possible Score = 60; Minimum = 12.

	TRANSPARENCY	PUBLIC BENEFITS	LEADERSHIP	TOTAL	RANK
Transportation	18	20	17	55	1
Labor	18	18	17	53	2
Veterans	18	16	17	51	3
NRC	15	12	12	39	4
Commerce	14	10	13	37	5
HHS	12	13	12	37	5
DHS	14	12	11	37	5
Justice	15	9	11	35	8
Treasury	14	9	12	35	8
GSA	12	13	9	34	10
Agriculture	11	10	12	33	11
EPA	13	11	9	33	11
Social Security	14	7	12	33	11
USAID	12	10	10	32	14
Education	12	9	11	32	14
Interior	13	10	9	32	14
NASA	11	9	12	32	14
Energy	11	11	9	31	18
HUD	12	8	11	31	18
NSF	13	8	10	31	18
State	12	10	9	31	18
OPM	12	7	8	27	22
SBA	7	7	8	22	23
Defense	5	5	7	17	24
Average	12.8	10.6	11.2	34.6	
Median	12.5	10.0	11.0	33.0	

 Pilot Agencies

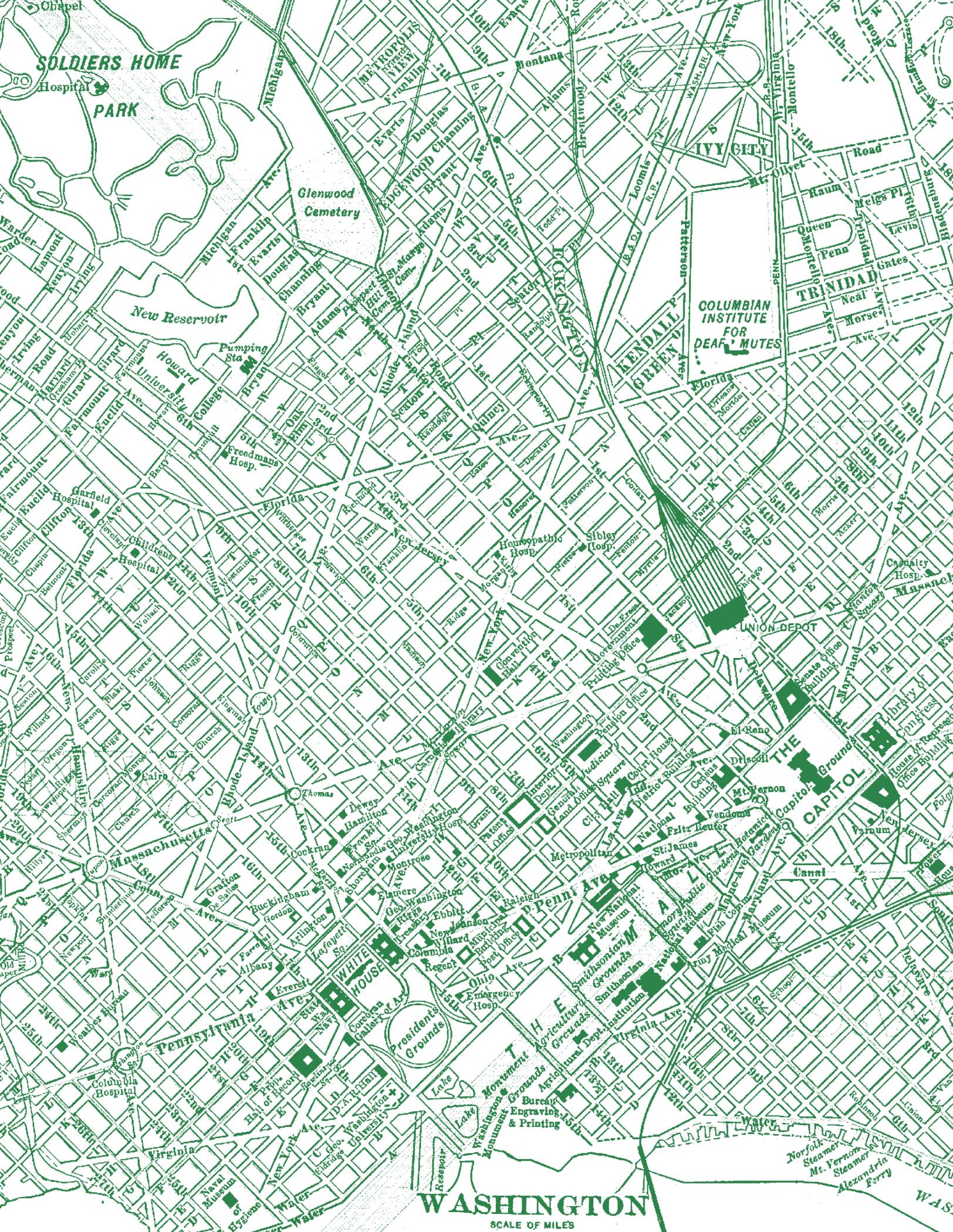
TABLE 2

Fiscal Year 2007 Scores & Rankings Comparison to Fiscal Year 2006

Highest Rank = 1; Lowest = 24. Maximum Possible Score = 60; Minimum = 12

	Fiscal Year 2007		Fiscal Year 2006		CHANGE IN SCORE	CHANGE IN RANKING
	TOTAL SCORE	RANK	TOTAL SCORE	RANK		
Transportation	55	1	53	1	2	0
Labor	53	2	51	2	2	0
Veterans	51	3	51	2	0	-1
NRC	39	4	34	13	5	9
Commerce	37	5	36	8	1	3
HHS	37	5	25	24	12	19
DHS	37	5	30	21	7	16
Justice	35	8	37	7	-2	-1
Treasury	35	8	35	11	0	3
GSA	34	10	40	6	-6	-4
Agriculture	33	11	35	11	-2	0
EPA	33	11	36	8	-3	-3
Social Security	33	11	33	15	0	4
USAID	32	14	42	5	-10	-9
Education	32	14	36	8	-4	-6
Interior	32	14	31	18	1	4
NASA	32	14	32	16	0	2
Energy	31	18	34	13	-3	-5
HUD	31	18	30	21	1	3
NSF	31	18	31	18	0	0
State	31	18	50	4	-19	-14
OPM	27	22	28	23	-1	1
SBA	22	23	31	18	-9	-5
Defense	17	24	32	16	-15	-8
Average	34.58		36.38		-1.79	
Median	33.00		34.50		-1.50	

Pilot Agencies



SOLDIERS HOME

Hospital
PARK

Glenwood
Cemetery

New Reservoir

Howard
University College

COLUMBIAN INSTITUTE FOR DEAF-MUTES

TRINIDAD

KENDALL GREEN

UNION DEPOT

THE CAPITOL

WHITE HOUSE

President's Grounds

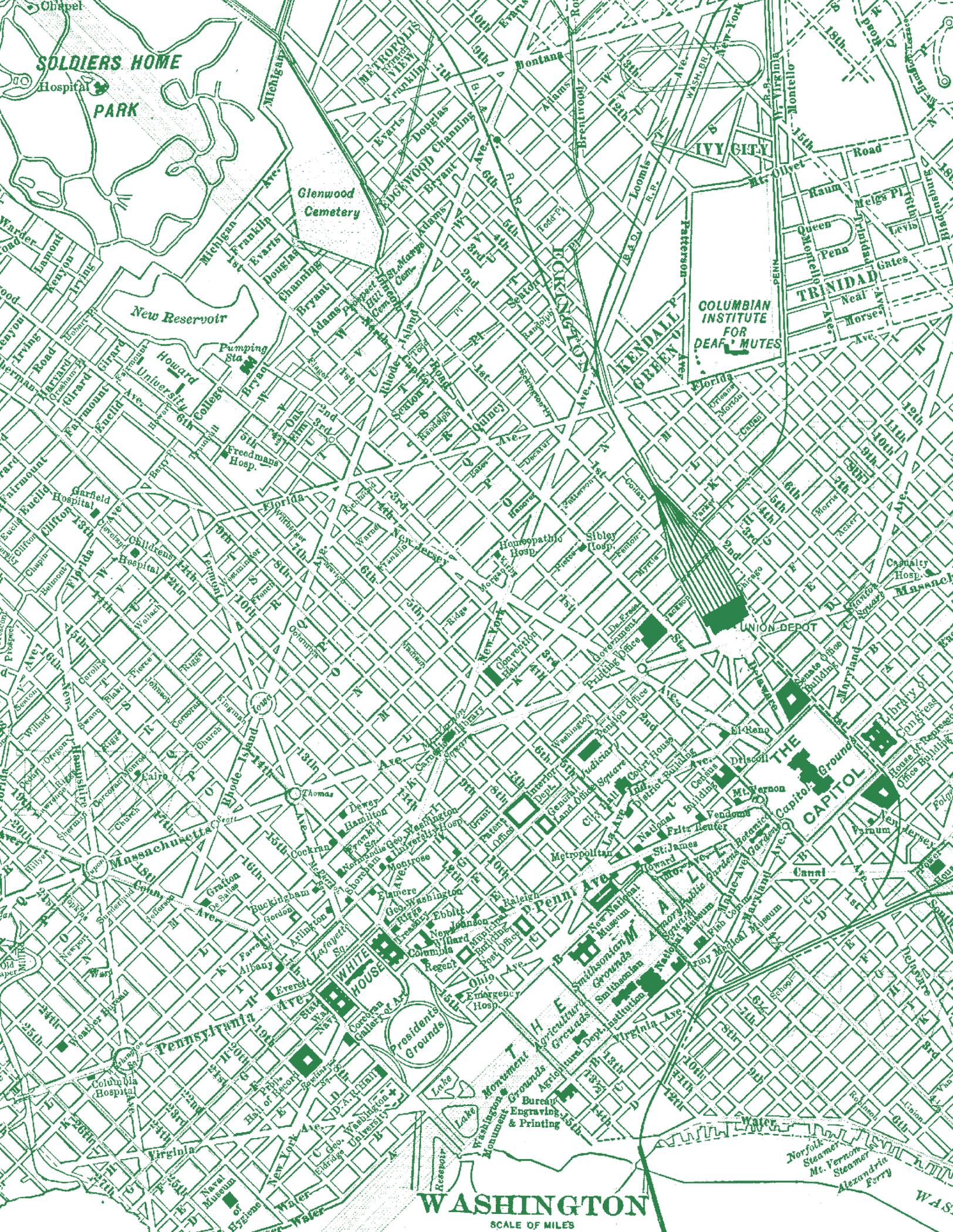
Pennsylvania

WASHINGTON

SCALE OF MILES

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SCALE OF MILES

INTRODUCTION

“Nothing could be more irrational than to give the people power and to withhold from them information, without which power is abused. A people who mean to be their own governors must arm themselves with the power which knowledge gives. A popular government without popular information or the means of acquiring it is but a prologue to a farce or a tragedy, or perhaps both.”

—James Madison¹

THE GOVERNMENT PERFORMANCE and Results Act (GPRA)² celebrates its 15th anniversary in 2008. Though he surely had no inkling of GPRA, James Madison clearly articulated GPRA’s fundamental rationale when he inked the above statement in 1822.

Enacted in 1993, GPRA directs federal agencies to define the outcomes their agencies seek to produce, identify measures that show whether they are making progress on these outcomes, and disclose the results to Congress and the public.³ Federal agencies are supposed to be accountable to elected policy makers. Elected policy makers are supposed to be accountable to citizens. The GPRA-mandated disclosure of goals and results is a crucial step toward both types of accountability.

Ever since agencies issued their first performance reports for FY 1999, the Mercatus Center has assembled a research team to assess the quality of their disclosure. As in past years, this Scorecard assesses the reports by the 24 agencies covered by the Chief Financial Officers Act (CFO Act), which accounted for virtually all federal outlays in FY 2007.⁴ The 24 comprise all the Cabinet departments, plus the largest independent agencies.

Starting in FY 2002, agencies could combine their annual performance report with an annual financial report to produce a “performance and accountability report.” That year marked the beginning of a slow but steady improvement in average scores on our Scorecard, from 28.8 in FY 2001 to 36.4 in FY 2006. The climbing score understates the improvement since we tighten the scoring criteria over time to reflect new best practices in performance reporting that agencies have developed.

FY 2007 reversed that trend. The average total score fell by 5 percent, from 36.4 to 34.6. After 9 years of reporting, 35 percent of non-interest federal spending by the 24 agencies was covered by reports with total scores of “satisfactory” or better in our evaluation.⁵ Covering \$916 billion of non-interest expenditures, these reports came from 7 of the 24 Chief Financial Officers Act agencies, as Figure 1 shows. This figure does represent a

1. James Madison, Letter to W. T. Barry, August 4, 1822. In P. R. Fendall (Ed.), *Letters and Other Writings of James Madison, Published by Order of Congress*, Vol. 3 (Philadelphia: Lippincott, 1865), p. 276.

2. For text of legislation, see <http://thomas.loc.gov/cgi-bin/bdquery/z?d103:SN00020:%7CTOM:/bss/d103query.html%7C>.

3. For a brief account of the evolution of federal performance reporting and the laws that influenced it, see Maurice McTigue, Henry Wray, and Jerry Ellig, *7th Annual Performance Report Scorecard: Which Federal Agencies Best Inform the Public?* (Mercatus Center 2006), pp. 21-22, available at http://www.mercatus.org/publications/pubid.2265/pub_detail.asp.

4. The principal parts of government not included in these 24 agencies are the judiciary, the legislative branch, the executive office of the president, and the independent agencies not among the 24 CFO Act agencies. See *Budget of the United States Government, Fiscal Year 2009, Historical Tables*, Table 4.1, available at <http://www.gpoaccess.gov/usbudget/fy09/hist.html>. Outlays for these agencies actually exceed the “total outlays” figure, but they total 96 percent of total outlays minus undistributed offsetting receipts.

5. Reports can earn a maximum of five points on each of 12 criteria. A score of 3 on a criterion corresponds to a “satisfactory” rating, and a report with an average score of 3 across all 12 criteria would earn a 36. Thus, a report must earn a score of 36 or higher to be classified as “satisfactory.” For further explanation, see pp.11 below.

Figure 1: Fiscal 2007 Spending (\$Billions) Covered by "Satisfactory" Disclosure

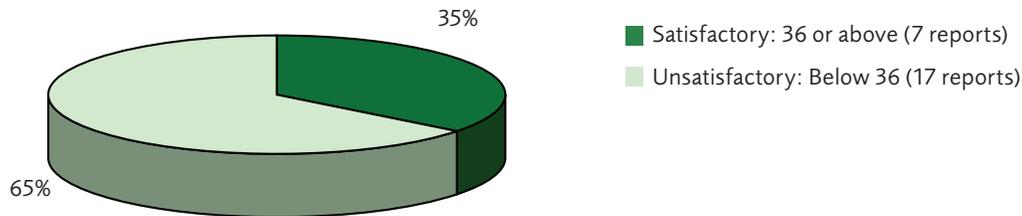
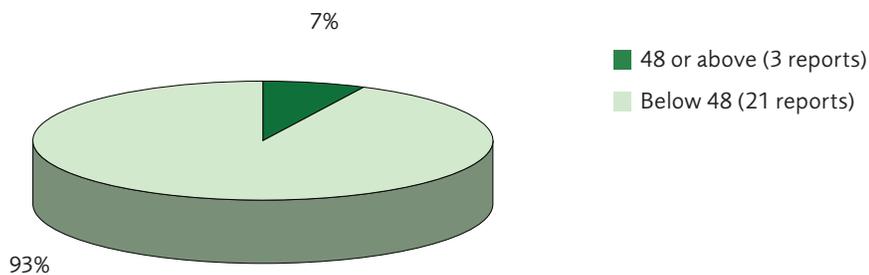


Figure 2: Fiscal 2007 Spending (\$Billions) Covered by "Very Good" Disclosure (48 Points or Above Out of 60)



substantial improvement over previous years. In FY 2006, for example, only \$337 billion (13 percent) of non-interest spending was covered by "satisfactory" reporting. Nevertheless, two-thirds of federal non-interest spending was covered by "unsatisfactory" disclosure.

The percentage of expenditures covered by "very good" disclosure was virtually unchanged from FY 2006.⁶ Figure 2 shows that about 7 percent of non-interest spending, or \$188 billion, was covered by reports scoring 48 or better. In FY 2006, 8 percent of non-interest spending was covered by "very good" reports.

Two main factors explain these changes. First, four of the agencies that saw large changes in their scores and rankings operated under new strategic plans for FY 2007. A major cause for the difference in their scores is improvement or deterioration in the outcome orientation of the goals and measures established in their new strategic plans. A strategic plan that articulates outcome-oriented strategic goals, objectives, and measures is a critical prerequisite if performance reports are to accurately disclose how the agency achieved outcomes of

6. A score of 4 on a criterion corresponds to a "very good" rating. A report with an average score of 4 across all 12 criteria would earn a 48. Thus, a report must earn a score of 48 or higher to be classified as "very good." For further explanation, see pp. 11 below.

value to the public. An outcome-oriented measure for a public health agency, for example, would be a measurable decrease in public health risk, such as fewer cases of a disease or its severity, as opposed to a measure of the number of firms inspected or a decrease in the level of contaminants.

Second, for FY 2007, the Office of Management and Budget (OMB) let agencies opt for a “pilot” format that allowed them to publish detailed performance information with their congressional budget justifications, required them to produce a separate financial report, and required them to produce a shorter “highlights” document intended to summarize both the performance and financial results. OMB explicitly stated that the purpose of the pilot was to allow agencies to explore alternative reporting formats that might improve the quality of information available to the public. Nine agencies chose the pilot format; 15 agencies chose to produce traditional performance and accountability reports. Of the latter, eight also chose to produce a highlights document even though OMB did not require them to do so.

The scores in this year’s Scorecard are one way to evaluate the pilot format. The pilot format has not improved the quality of performance information available to the public. For FY 2007, average scores for the 9 reports using the pilot format were 24 percent lower than scores of the 15 traditional performance and accountability reports. Scores for reports in the traditional format were about the same in FY 2007 as in FY 2006. Average scores for reports using the pilot format fell by about 12 percent in FY 2007, compared to the scores on their traditional performance and accountability reports in FY 2006. The pilot format also forced the public to wait longer for performance information, since this information was released in February with the agencies’ congressional budget justifications, instead of in November as part of a performance and accountability report.

The principal benefit of the pilot format for the public that is evident at this point is its emphasis on the highlights document. We note, however, that the agencies producing traditional performance and accountability reports usually produced better highlights documents than the agencies using the pilot format. When done well, the highlights document is clearly a best practice that aids the public in understanding the agency’s performance information. We offer numerous suggestions for improving the highlights document.

A well-done highlights document improves disclosure to the public. The pilot format does not improve disclosure to the public. And good strategic planning is a crucial input into good performance reporting, because strategic planning establishes the goals and measures to be reported.

Those are the three biggest lessons from this year’s Performance Report Scorecard.

EVALUATION AND SCORING

THE PURPOSE OF this assessment is not to evaluate or make judgments about the quality of actual results the agencies produced. Rather, our goal is simply to ascertain *how well the agencies' reports disclose to the public* the results they produced, so that policy makers and citizens may make informed judgments about the agencies' results. We review the reports solely from this perspective and not as accountants, government insiders, or experts on the functions of particular agencies.

TARGET AUDIENCE: THE GENERAL PUBLIC

A PERFORMANCE REPORT necessarily addresses different audiences. Some are “stakeholders” with expertise in the agency’s work, who seek an extensive level of understanding about the agency’s performance and may be willing to plow through a lengthy, detailed, and technical report to get it. Others may be government insiders who know how to ferret out information that may be tucked away in congressional budget justifications or other esoteric documents.

From our perspective, though, the most important stakeholders are the ordinary citizens who pay the bills and deserve to know what each agency has accomplished in the last fiscal year. A report will not do well in our evaluation if it does not do a good job of informing the average citizen, even if it is informative for experts, insiders, or others who have more specialized knowledge. Of course, we do not expect tens of millions of fellow citizens to rush to agency Web pages to read these reports. Journalists, bloggers, and other writers can also play an important role in making agency results more widely accessible to the public. But like the general public, these readers are not agency insiders. The information should be accessible and understandable for those who wish to access it.

Reports that score high on our evaluation effectively communicate important performance results in a way that lay readers—ordinary citizens and taxpayers—can understand. This key trait is relevant to most categories in our *Scorecard*, and the best reports in this area tend to score well across the board. Reports that consistently score low do little to inform ordinary members of the public about important outcomes. Reports ranking in the middle may serve some audiences well but could do a better job of demonstrating the agency’s value to ordinary citizens.

Specifically, in order to rank highly in this Scorecard, a report must:

- Use clear, concise presentation formats and language throughout that a layperson can follow and understand.
- Present a set of performance metrics that capture important public outcomes a lay reader can relate to and appreciate.
- Reinforce these performance metrics with clear narratives illustrating public benefits that flow from the agency’s work.
- Enable the lay reader to readily grasp and assess progress toward outcomes.
- Provide confidence that the agency has adopted challenging measures, forthrightly acknowledges performance shortfalls, and takes steps to correct them.
- Provide confidence that the agency serves as a good steward of taxpayer resources by taking effective steps to resolve major management challenges.

Our research team used 12 evaluation factors grouped under three general categories of transparency, public benefits, and leadership:

1. Does the agency disclose its accomplishments in a transparent (easily understood) fashion?
2. Does the report focus on disclosing tangible public benefits (valued results) the agency produced?
3. Does the report show evidence of forward-looking leadership (guidance) that uses performance information to devise strategies for improvement?

TRANSPARENCY

REPORTS SHOULD BE accessible, readable, and useable by a wide variety of audiences, including Congress, the administration, the public, news media, and other stakeholders. If a report fails to disclose significant achievements and problems to stakeholders, benefits or failures arising from agency activities will remain secret to all but a few insiders, and citizens will have no real opportunity to indicate their approval or disapproval.

PUBLIC BENEFITS

AN AGENCY'S VALUE to the public becomes clear only when its goals and measures are expressed in terms of the benefit produced or harm avoided for a particular set of clients or the public at large. To demonstrate openly how agency activities produce meaningful results for the community, reports should focus on "outcomes" (i.e., tangible benefits that matter in the lives of citizens) rather than on programs or activities as such. The reports should also clearly present the costs of achieving those results. These costs include both the agency's expenditures and other costs borne by the public at large. For regulatory agencies, much of this information should come from rigorous retrospective analysis of the actual effects of regulation, analogous to the information they are supposed to produce when conducting a Regulatory Impact Analysis prior to issuing a regulation. The ultimate objective of such reporting is to match outcomes with costs, so that policy makers and the public understand what citizens are paying to achieve various outcomes. Goals and measures that merely document agency activities, such as counts of checks processed or number of people enrolled in a program, assume that such activities automatically provide public benefits. Such an assumption can be incorrect for a wide variety of reasons. An agency report must highlight achievement of results; otherwise, it will not inform the public of the success or failure of its programs. Budget decisions that rely on such flawed information will fail to reflect realistic assessments of what agencies can accomplish with appropriations.

FORWARD-LOOKING LEADERSHIP

AGENCIES SHOULD USE the performance information produced by their organizations to identify solutions to problems and to change future plans accordingly. The report should inspire confidence in an agency's ability to enhance citizens' quality of life commensurate with the resources they have entrusted to the agency. Among the factors that give such confidence is tangible evidence that the agency is using performance and financial data to improve management of its programs.

EVALUATING REPORTS UNDER THE 2007 PILOT FORMAT

FOR FY 2007, OMB allowed agencies to use an alternative reporting format under a pilot program.⁷ Instead of producing a performance and accountability report that combines performance and financial information,

agencies had the option of publishing detailed performance information along with their congressional budget justifications, producing a separate financial report, and producing a shorter “highlights” document intended to summarize both the performance and financial results. Nine agencies opted for the pilot approach. In addition, eight agencies that produced traditional performance and accountability reports also produced a highlights document, even though they were not required to do so. Both of these phenomena raised a novel issue: exactly what counts as a report for our evaluation purposes?

To answer this question, we began with the premise that our evaluation is intended to gauge the usefulness of these reports to the general public. The pilot format does not in any way absolve agencies of the responsibility to produce meaningful information for the public.

In Circular A-136,⁸ OMB emphasized both that the pilot should do no harm by diminishing the public value of the performance reports, and that it is important to affirmatively enhance public value. Section II.1 of the Circular states:

Using an alternative format should not in any way reduce the public’s access to the detailed financial and performance information available in a consolidated PAR and should aim to make the presentation of performance information more meaningful. . . The goals of the pilot are to allow agencies to explore different formats to enhance the presentation of financial and performance information and make this information more meaningful and transparent to the public.⁹

Under OMB’s guidance, the highlights document is to serve as the primary source of information for the general public. Section III of Circular A-136 states that the highlights document “should summarize key performance and financial information in a brief, user-friendly format that can be easily understood by a novice reader with little technical background . . .” The Circular goes on to describe the minimum content of the highlights document:

- a clear, concise, and outcome-oriented explanation of the core public benefits that the agency seeks to achieve and a candid assessment of its progress;
- data and discussion of key performance measures, including trend data;
- a candid assessment of the agency’s performance results against its goals;
- a summary of key management issues;
- references to internet links for more comprehensive information, including the full financial report, performance report, and performance and accountability report if an agency did one; and
- a summary of financial audit information.

For agencies participating in the pilot program, the highlights document is the primary document available and accessible to the public that explains performance and financial information. We recognized, however, that the highlights document might not contain as much detailed information as a traditional performance and

7. OMB’s May 17, 2007 memorandum about the pilot program is available at http://www.whitehouse.gov/omb/memoranda/fy2007/par_alternative.pdf.

8. Available at http://www.whitehouse.gov/omb/circulars/a136/a136_revised_2007.pdf.

9. OMB Circular A-136, available at http://www.whitehouse.gov/omb/circulars/a136/a136_revised_2007.pdf, pp. 11-12.

accountability report. Therefore, for pilot agencies we started our evaluation with the highlights document. We then included information from other documents if the highlights document clearly indicated where and how the reader could find this information and presented it in an accessible and understandable form. The most common example of this was agency inspector general discussions of major management challenges. Pilot agencies included these in their financial reports, but usually informed the reader about this in the highlights document. Some also noted that more detailed performance information is available in a separate performance report. We did not consider information published in congressional budget justifications, because these documents are lengthy and difficult for non-specialists to navigate. None of the highlights documents specifically referenced or directly linked to a specific place in the budget justifications for the reader to find a particular type of information.

We treated the highlights document differently for agencies that produced traditional performance and accountability reports. For those agencies, the performance and accountability report should still be the primary means of communication with the public. After evaluating this report, we then examined the agency's highlights document to see if anything in that document merited a higher score. A highlights document might supplement a traditional performance and accountability report by improving readability. Several agencies did receive extra points on our readability criterion due to the quality of their highlights documents.

SCORECARD CRITERIA

TRANSPARENCY

1. Is the report easily accessible via the Internet and easily identified?
2. Is the report easy for a layperson to read and understand?
3. Are the performance data valid, verifiable, and timely?
4. Did the agency provide baseline and trend data to put its performance measures in context?

PUBLIC BENEFITS

5. Are the goals and objectives stated as outcomes?
6. Are the performance measures valid indicators of the agency's impact on its outcome goals?
7. Does the agency demonstrate that its actions have actually made a significant contribution toward its stated goals?
8. Did the agency link its goals and results to costs?

LEADERSHIP

9. Does the report show how the agency's results will make this country a better place to live?
10. Does the agency explain failures to achieve its goals?
11. Does the report adequately address major management challenges?
12. Does it describe changes in policies or procedures that will allow the agency to do better next year?

WHAT DID THE AGENCIES KNOW, AND WHEN DID THEY KNOW IT?

AS IN PAST years, the Mercatus Center notified federal agencies of the deadlines we would follow in evaluating the reports and the evaluation criteria we would employ.

For FY 2007, OMB required agencies (except those participating in the pilot for alternative performance reporting) to submit their reports to the president and Congress by November 15—approximately six weeks after the fiscal year ended. OMB required those agencies participating in the pilot program to release their “highlights” report (the primary document the Mercatus research team evaluated for agencies opting into the pilot) by February 1, 2008. Several agencies received extensions from OMB, permitting them to release their highlights on February 4.

On May 22, 2007, the Mercatus Center sent agencies a memorandum¹⁰ describing how we expected to evaluate reports produced under the pilot format. The memo emphasized the key role of the highlights document as the general public’s main source of performance information for the pilot agencies. For this reason, we advised that we would focus our reviews of pilot agency reports primarily on the highlights document. We also offered suggestions for the highlights document, which were consistent with OMB guidance.¹¹

In September, the Mercatus Center notified each agency’s chief financial officer via letter (and other individuals listed as agency GPRAs by e-mail) that the Mercatus research team would need either a paper or electronic copy of the report by December 1 for non-pilot agencies and February 1 for pilot agencies in order to include it in this year’s evaluation. The letter also mentioned that traditional performance and accountability reports would need to be available on the web by December 15 and pilot reports by February 1 to earn credit on the first transparency criterion. The February 4 extension granted by OMB was recognized, on a case by case basis, for those agencies that requested it. All of the non-pilot agencies had their reports accessible on the web by December 15. Seven of the nine pilot agencies had their highlights reports accessible on the web by February 1 (or February 4 if OMB granted the agency an extension).

The September letter included an explanation of our evaluation criteria and noted that the quality of each year’s reports “raises the bar” for subsequent years. The letter indicated how the Mercatus Center expected the FY 2007 evaluation process to differ from previous years, given OMB’s pilot program. For the benefit of those agencies participating in OMB’s pilot, the letter included a link to the May 22 memo detailing what the Mercatus research team would be looking for when reviewing highlights documents. Finally, the letter invited agency personnel to contact Mercatus Center staff with questions or comments about the criteria and the project, and many did so. Thus, agencies had ample notice about the criteria and deadlines.

10. The memo is available at [http://www.mercatus.org/repository/docLib/20070523_Memo_to_agencies\[1\].pdf](http://www.mercatus.org/repository/docLib/20070523_Memo_to_agencies[1].pdf).

11. Suggestions for highlights documents are available at [http://www.mercatus.org/repository/docLib/20070523_Suggestions_for_Highlights_Documents\[1\].pdf](http://www.mercatus.org/repository/docLib/20070523_Suggestions_for_Highlights_Documents[1].pdf).

SCORING STANDARDS

EACH REPORT HAD the opportunity to earn up to 20 points in each of the three categories, for a maximum score of 60 points. Each category included four equally weighted evaluation factors, and scores of 1 through 5 (from inadequate to outstanding) were awarded on each evaluation factor. Thus, an agency could achieve a minimum score of 12 merely by producing a report.

THE 5-POINT SCALE

THE 5-POINT RATING scale for individual factors is intended to identify distinct levels of quality. The research team used the accompanying table to guide its scoring. A report that adequately meets all requirements would receive the middle score of 3 on each factor, resulting in a total score of 36. A score of 2 indicates that the report accomplishes some but not all of the objectives under a given criterion. A score of 1 indicates failure to provide much relevant information. A score of 4 indicates unusually good practices that are better than most, and a score of 5 indicates an especially superior presentation.

Even when a report receives a 5 on a particular criterion, that does not mean there is no room for improvement. A score of 5 indicates a potential best practice, but best practices should not be confused with perfection. We expect agency reporting practices to improve continually over time, and one of the goals of this Scorecard is to aid in the diffusion of best practices across agencies. Therefore, a practice that earned a 5 this year may only deserve a 4 or 3 in future years as it becomes standard for most agencies and new best practices emerge.

WEIGHTING THE EVALUATION FACTORS

TO REPORT THE results of this study as transparently as possible, the researchers weighted the evaluation factors equally in calculating each agency's total score and rankings. Since the summary table reports scores for all three evaluation categories separately (transparency, public benefit, and forward-looking leadership), readers who believe that one factor is more important than others can apply whatever weights they wish to the separate scores and recalculate rankings accordingly.

WHAT DO THE SCORES MEAN?

5—OUTSTANDING

- Greatly exceeds expectations
- Opens a new field of information
- Sets a standard for best practice

4—VERY GOOD

- Exceeds expectations
- Has the potential to become a best practice
- Shows innovation and creativity
- Better than most

3—SATISFACTORY

- Meets expectations in all aspects
- Adequate, but does not exceed expectations

2—UNSATISFACTORY

- Fails to meet expectations
- May be adequate in some respects, but not all
- Produces partial information
- Does not fully disclose

1—INADEQUATE

- Fails to meet expectations
- Does not meet standards for adequate disclosure
- Shows no process or plans to overcome problems
- Omits critical information

In addition, in the interest of transparency, all reports were evaluated against a common scale, even though different agency missions may make it inherently more difficult to develop results-oriented goals and measures or collect appropriate data. For example, agencies that provide directly measurable services, such as the General Services Administration or Department of Veterans Affairs, might find it easier to identify and quantify their contributions than an agency like State or Homeland Security, whose results are less tangible. In reality, some agencies that seem to provide few services directly to members of the public have often produced highly-ranked reports, and some that arguably have a more direct effect on citizens' well-being have produced low-ranked reports.

INTERPRETING OUR FINDINGS

IT IS IMPORTANT to emphasize that our research team evaluated only *the quality of reporting, not the quality of results*. Therefore, it would be a mistake to conclude that the agencies with the highest-scoring reports necessarily produced the most or best results for the country.¹² A high scoring report reflects an agency's ability to explain its results in understandable and meaningful terms Americans can appreciate.

Similarly, it would also be inappropriate to draw policy conclusions from our analysis. We offer no recommendations on whether the federal government should or should not be engaged in its current menu of activities.

So what do the findings in this study really mean? By assessing the quality of agency reports, we are trying to evaluate whether the agencies are supplying the information that the public needs to understand what results the government is producing and what those results cost.

An additional word on information quality is also in order. Our researchers assessed the quality of each report's disclosure of data verification and validation procedures. However, in the interest of producing a timely study, we did not independently verify the performance information cited in each agency's report. The reports themselves should inspire confidence by indicating how data are verified and validated.

OUR CONSISTENCY CHECK

THE MERCATUS RESEARCH team employed the same criteria to assess the FY 2007 agency reports that we used to evaluate prior year reports. However, generally in each succeeding year we have tightened our evaluation standards, for two reasons. One, the highest possible quality that can be achieved is unlimited, because creative innovators can always find ways to improve reporting practices and set new standards. Two, each year gives agencies an opportunity to learn from each others' best practices. If we did not continually raise our expectations, most reports could eventually receive mostly 5s. This Scorecard would then convey little information about the quality of different agencies' reports, and it would give little recognition or credit for those agencies that continue to raise the bar for quality reporting.

For these reasons, an agency had to improve the absolute quality of its FY 2007 report in order to receive the same numeric score it received for its FY 2006 report. That said, there were few new best practices in FY 2006, so the standards did not change a great deal for FY 2007. Nevertheless, if an agency receives a higher score, that score is a reliable indicator that the quality of its report has indeed improved.

12. Separately from our evaluation, several scholarly articles investigate whether there is any relationship the quality of performance reporting and agency performance. We discuss these on p.43 below.

Several factors help ensure that the scoring criteria are applied consistently from year to year. Two members of the Mercatus Center research team that evaluated the reports—Henry Wray and Valerie Richardson—have done so for the past five years. Patricia Kelley, the new research team member this year, has been on the advisory panel to the Scorecard project since 2002. The team cross-checked the 2007 evaluations against the previous year’s in several ways. For each report, the research team generated an extensive set of notes documenting the reasons for each preliminary score on each criterion. The head of the research team reviewed this documentation for both the FY 2007 and FY 2006 reports to ensure that any scoring differences across years were justified by differences in the actual contents of the reports. The team discussed instances in which proposed scores differed substantially from the previous year’s scores.

Finally, for each report, a member of our outside advisory panel with extensive experience in performance reporting reviewed the report, scoring, and documentation. Some scores were modified when the advisor reached different conclusions from the research team and offered persuasive reasons for the difference. Final scores thus reflect a careful review to ensure that the results of the scoring process are consistent with the goal of raising standards.

SCORING SUMMARY

LAST YEAR'S FINAL FOUR SHRINK TO THIS YEAR'S TOP THREE

THE DEPARTMENTS OF Transportation, Labor, and Veterans Affairs continue to set the pace, finishing 1st, 2nd, and 3rd respectively for FY 2007. Each of these reports' scores exceeded 50. Transportation set a new record with a top score of 55.

As in past years, there was a large quality gap between the top reports and the rest. The Nuclear Regulatory Commission captured 4th place with a score of just 39—well below the 51 earned by Veterans Affairs, but a noticeable improvement over the 34 the NRC's report received for FY 2006.

Below the top four, there was significant churn in scoring and rankings between 2006 and 2007.

PERSONAL BESTS

SEVERAL AGENCIES' REPORTS achieved substantial improvements that catapulted them to their highest-ever positions in the rankings. Most notable were the Departments of Health & Human Services (HHS) and Homeland Security (DHS). Last year, we said these reports (along with the Office of Personnel Management's) perennially rank “near the bottom and show no signs of improvement.” This year, they surprised us.

The HHS report jumped 19 spots in the rankings, moving from last place in FY 2006 to a tie for 5th in FY 2007. Its total score increased by 12 points. As might be expected from such a large jump, this report showed improvements on numerous criteria.

One big factor that helped the HHS report was the adoption of a new strategic plan starting in FY 2007. Goals, objectives, and measures are much more outcome-oriented than in previous years, earning HHS a total of five additional points on the criteria related to these items. This report also earned a 4 for readability in FY 2007, compared to a 2 in FY 2006. Previous HHS performance and accountability reports were lengthy, text-heavy, confusingly paginated, and generally hard to read. For FY 2007, a 47-page highlights document supplemented by several short appendices offers clear and informative discussion of 40 performance measures. This is one report that appears to have benefited from the pilot program's requirement that the department produce a highlights document.

DHS's report showed similar, though slightly less dramatic, progress. DHS's report jumped 16 spots in the ranking, from 21st in FY 2006 to a tie with HHS and Commerce for 5th in FY 2007. The FY 2007 DHS report earned a score seven points higher than in FY 2006.

Like HHS, DHS showed improvement across the board. DHS also adopted new strategic goals and objectives in FY 2007 that are much more outcome-oriented than in previous years. Four points of this report's seven-point increase came on criteria whose scores are affected by the quality of the strategic goals and measures. It is less obvious whether the highlights document produced under the pilot program contributed significantly to the improvement of the department's score, though the readability score did increase by one point. (Further discussion of changes in the HHS and DHS goals and measures can be found in the section on Individual Criteria Highlights, which begins on p.31.)

The Nuclear Regulatory Commission (NRC) showed a more modest five-point improvement in its score and jumped from 13th place in FY 2006 to 4th in FY 2007. This is the highest rank the commission achieved in any year except FY 2001 when its report ranked 4th. Unlike HHS and DHS, the NRC opted to produce a traditional

performance and accountability report rather than participate in the pilot program, and it did not have a new strategic plan for FY 2007. In addition to a concise and readable report, the NRC produced a concise and readable highlights document. Though quite good, the highlights document added little to NRC's score because the full report was already fairly readable. The single biggest thing NRC did to increase its score was improve public accessibility to its report by placing a prominent direct link on its home page that provided access to all of its performance and accountability reports back to FY 2000. Baseline data also improved since many new measures adopted in FY 2006 now have a FY 2006 baseline figure plus a figure for FY 2007.

FALLING STARS

THE BIGGEST AND most surprising drops by far occurred for the reports issued by the Department of State (State) and U.S. Agency for International Development (USAID). State, a perennial presence at the top since FY 2003, plummeted 14 spots in the rankings due to a 19-point drop in its score from FY 2006. USAID, which finished 5th in FY 2006, fell to 14th in FY 2007, based on a 10-point drop in its score.

One major factor that hurt State's and USAID's scores appears to be their new (shared) strategic plan for FY 2007–2012. The plan's goals and measures are less outcome-oriented and specific than those in the previous strategic plan. In FY 2006, for example, the humanitarian response goal was to "Minimize the human costs of displacement, conflicts, and natural disasters," which are clearly outcomes even if sometimes difficult to measure. For FY 2007, the analogous goal is simply expressed as "Providing humanitarian assistance." (Further discussion of State and USAID's goals and measures can be found in the section on Individual Criteria Highlights, which begins on p.31.)

Explanations of how these agencies' actions affected outcomes were also less convincing. Such deficiencies cost the agencies many points on criteria 5, 6, and 7. Because their reports adopted many new measures, there was much less baseline and trend data, which detracted from criterion 4. State's 2007 report also fell short of its 2006 report in explaining how the department's efforts make the country a better place to live (criterion 9) and explaining reasons for performance shortfalls (criterion 10). The former problem might also be related to the new goals and measures since State's outcome-oriented goals and measures in previous performance and accountability reports helped the department make a strong case that it benefited the American public.

Another factor that hurt State's and USAID's scores might have been their participation in the pilot program. Costs are linked only to strategic goals this year; in FY 2006, budget and personnel were also linked to annual performance goals. The pilot program allows agencies to put more detailed cost and performance information in the congressional budget justifications. But if that's where this information is, nothing in the highlights report indicates so or provides any type of link. As far as the general public is concerned, therefore, this information is simply not disclosed.

Two other big drops occurred for the Small Business Administration (SBA) and Department of Defense (Defense), whose reports fell to 23rd and 24th place respectively. Defense's score fell by 15 points, and SBA's fell by 9.

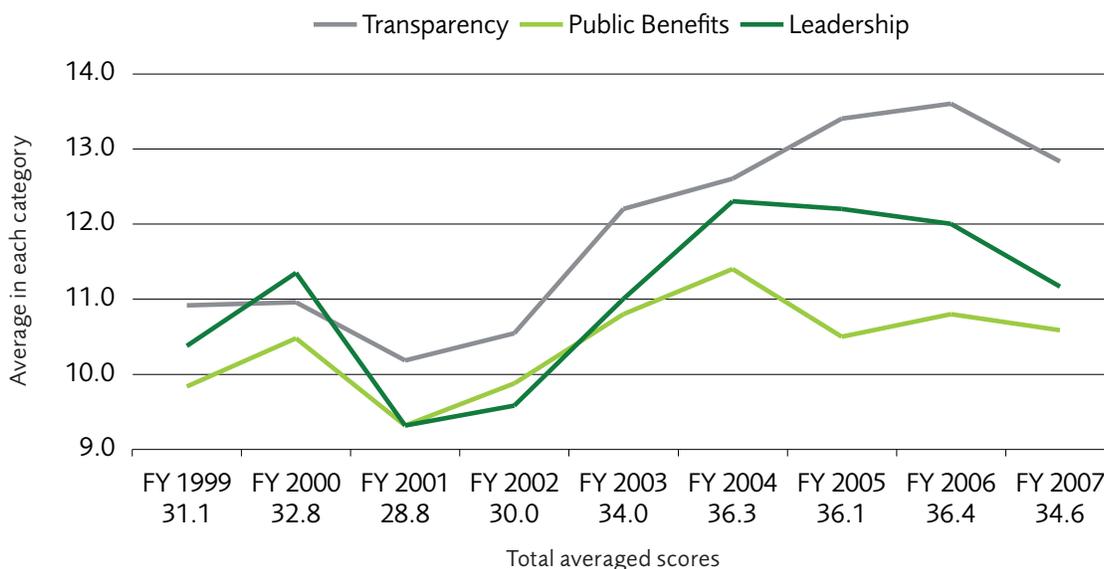
Defense's FY 2007 report received the worst score in the history of the Mercatus Performance Report Scorecard—just 17 points. That score does not necessarily make this the worst GPRA performance report in history, however, since our scoring standards tighten each year to reflect new best practices. Nevertheless, considering that the Defense report earned 32 points and ranked 16th in FY 2006, this year's drop is a disappointing plunge.

Defense got off to a bad start by losing four points on criterion 1 because the department's report was not even posted on the Web site two weeks after the due date specified in OMB Circular A-136. Only two pages of the 24-page highlights document present performance information, and in fact, the transmittal letter (signed, as usual, by the deputy secretary rather than the secretary) characterizes the document as the department's financial report. The report receives scores of 1 on numerous criteria because it simply has no performance-related content relevant to many of the criteria we have used to evaluate these reports since FY 1999. Nor does the highlights document even indicate where else the reader might look to find performance information.

In contrast to the Defense report, we are more confident that the Small Business Administration has more detailed performance information and documentation than appears in its highlights document. The highlights document says more detailed performance information and documentation are available on an accompanying compact disc. However, it fails to provide links or explain how or where to find the information on the disc, which appears to embed performance data in the agency's detailed budget justifications, thereby essentially making this information unusable by the general public. As a result, the agency lost many points in FY 2007 compared to FY 2006 because relevant content that may have been on the disc was not effectively available to the public. The numerous 1s this report received for absence of relevant content in FY 2007 cost it seven points compared to FY 2006. This accounts for four-fifths of SBA's seven point drop in FY 2007.

Despite these shortcomings, SBA's report also provides one good example of how to make information in other documents available via the highlights document. The highlights document explicitly states that its inspector general's discussion of major management challenges is available on the disc and in the agency's financial report; the inspector general's presentation appears in the table of contents and is viewable as a separate file. Because the inspector general's discussion is quite good and readily accessible from the highlights document, the SBA report received a score of 4 on criterion 11 (discussion of major management challenges), the same score it received in FY 2006. This report would have earned a substantially higher score if it had consistently

Figure 3: A Year of Retrenchment



followed this transparency-enhancing practice, so that the general public (and the Mercatus research team) could easily find relevant information that is supposed to be available in GPRA performance reports.

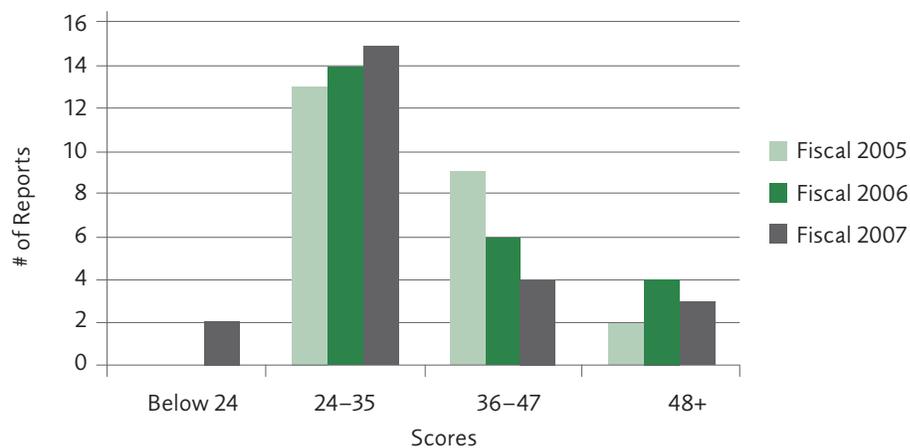
AVERAGE SCORES DROP

REVERSING SEVERAL YEARS of progress, average scores dipped in FY 2007, as Figure 3 shows. Between FY 2004 and FY 2006, the average total score remained at about 36. It fell by almost 2 points, to 34.6, in FY 2007. This represents a 5 percent drop—the biggest since FY 2001. Average transparency and forward-looking leadership scores each fell by eight-tenths of a point in FY 2007, and average public benefits scores fell by two-tenths of a point.

Despite continual tightening of our criteria and the declining average scores, many agencies demonstrated that it was possible to achieve a higher score in FY 2007 than in 2006. Eight reports improved their scores in FY 2007 compared to 2006, 11 had lower scores, and 5 were unchanged. Since the scoring criteria tighten each year, these figures suggest that about half the agencies improved their reports in FY 2007. Since scores for the other half deteriorated at an even faster clip, average scores fell. No average score on any individual criterion increased by more than 1 or 2 percent.

The drop in the transparency score reflects a 7–12 percent reduction in scores on three of the four criteria in this category. Only on one criterion, readability, did the average score improve and then only by 2 percent. This modest increase probably stems from an improvement in readability attributable to the production of highlights documents, both by agencies that volunteered for the pilot program and by agencies that produced highlights as a supplement to traditional performance and accountability reports. The 7 percent drop on criterion 1, accessibility, occurred mostly because numerous agencies neglected to do small things they had done in the past that made their reports easier to find or download via the Web. Defense lost 4 points because its report was unavailable on the Web two weeks after OMB’s deadline for submission of the reports. Average scores on criterion 3 (verification and validation) and 4 (baseline and trend data) fell by 8 and 12 percent respectively, mostly because agencies reporting in the pilot format made less of this kind of information available.

Figure 4: Slouching Toward Mediocrity



The drop in the public benefits score mostly reflects a 7 percent deterioration of the average score on criterion 8, linkage of results to costs. However, reports from most agencies received the same score on this criterion in FY 2007 as in FY 2006. Five reports even improved by 1 point. Reports from just two agencies, State and USAID, account for most of the drop in the average score for linkage of results to costs. Both of these reports lost 3 points on this criterion because their highlights documents provided no explanation of how to find information linking costs to performance below the level of strategic goals.

The drop in the forward-looking leadership score is due to a large reduction—15 percent—in the score on criterion 12 (explanation of plans to do better) and a more modest reduction—eight percent—in criterion 9 (explanation of how the agency makes this country a better place to live). In both cases the pilot agencies accounted for the majority of this drop, because they simply provided less information on these topics than in the past.

REPORT QUALITY

FIGURE 4 REVEALS that 17 reports received scores below the “satisfactory” average of 36, three more than in FY 2006 and four more than in FY 2005. Three agencies whose reports scored below “satisfactory” in 2006 improved their scores to 36 or above in 2007: NRC, DHS, and HHS. Reports from four additional agencies joined the below-satisfactory group for FY 2007: Justice, GSA, EPA, USAID, Education, and State. In fairness, it’s worth noting that the scores of Justice, EPA, Education, and Energy fell by only a few points.

Figures 1 and 2 in the introduction to this year’s Scorecard show that two-thirds of the dollars in the budget are covered by below “satisfactory” reporting and only seven percent are covered by “very good” reporting. Figure 5 sheds additional light on this issue. The percentage of the budget covered by reports scoring in the middle of the range (24–35) declined substantially for two reasons. First, two agencies (Defense and SBA) saw their scores fall below 24 for the first time since 2004. Second, HHS improved its score from 25 to 37, and Homeland Security improved its score from 30 to 37. Since Defense spent \$623 billion, and Homeland Security spent \$56

Figure 5: Disappearing “Middle Class”

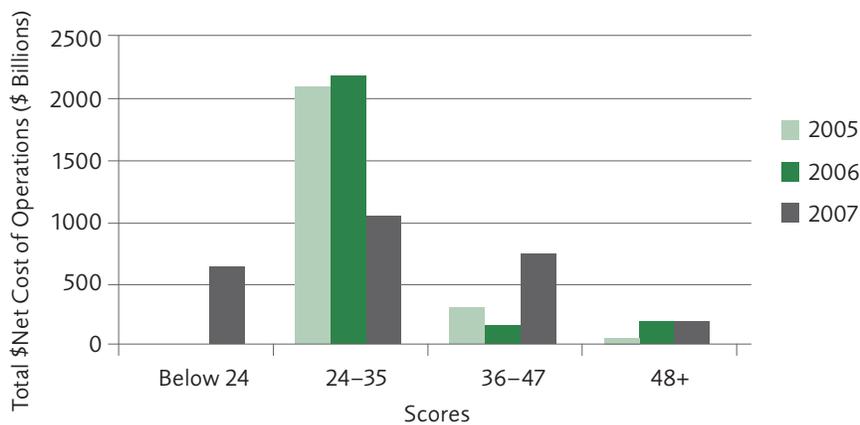
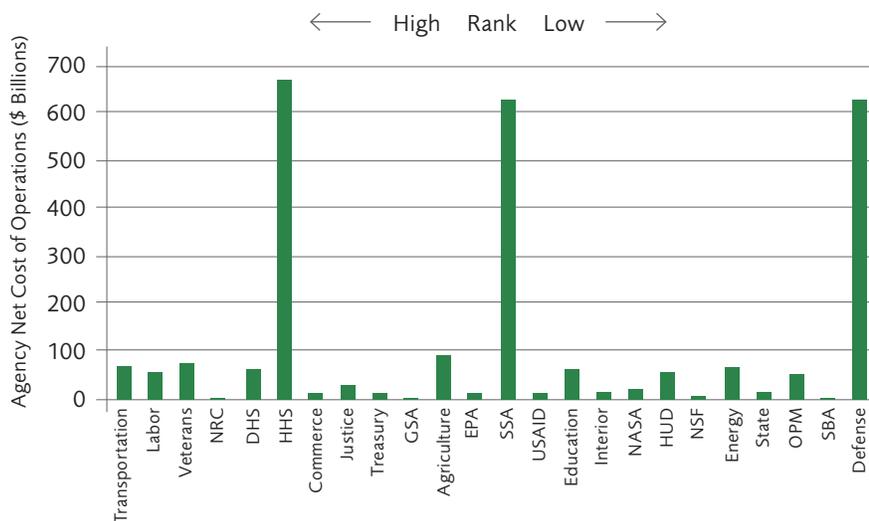


Figure 6: Rank Uncorrelated with Agency Size

billion, the changes in their scores generated substantial changes in the proportion of the federal budget covered by reports scoring in the middle range.

In several previous Scorecards, we found that reports from many of the larger departments tended to score poorly. Figure 6 shows that this pattern does not hold for FY 2007. Agencies of all sizes are spread relatively evenly across the rankings. Agencies whose reports scored below “satisfactory” spent \$1.667 trillion in FY 2007.

OPPORTUNITIES FOR PROGRESS

THERE IS STILL substantial room for progress. Table 4 reveals that average scores in eight categories are below 3. For four criteria, average scores fell by more than five percent between FY 2006 and FY 2007. Scores on six of these have averaged below 3 since FY 2004. Scores on criteria 4 and 12 exceeded 3 in FY 2006, but fell substantially below 3 in FY 2007.

Table 4: Eight Criteria Below Satisfactory

CRITERION	FY 2006	FY 2007	CHANGE 2006-07	% CHANGE 2006-07
1. Accessibility	4.38	4.08	-0.3	-7
2. Readability	3.54	3.63	0.09	2
3. Verification & Validation	2.67	2.46	-0.21	-8
4. Baseline/Trend Data	3.04	2.67	-0.37	-12
5. Outcome-oriented Goals	3.08	3.13	0.05	1
6. Outcome Measures	2.67	2.67	0.00	0
7. Agency Affected Outcomes	2.75	2.67	-0.08	-3
8. Linkage to Costs	2.29	2.13	-0.16	-7
9. Vision	3.25	3.00	-0.25	-8
10. Explain Failures	2.79	2.67	-0.12	-4
11. Management Challenges	2.79	2.83	0.04	1
12. Improvement Plans	3.13	2.67	-0.46	-15

Scores below 3 in FY 2007



EVALUATING THE PILOT FORMAT

INTRODUCTION OF THE alternative reporting format in FY 2007 is by far the biggest change in the structure of GPRA reports since the Reports Consolidation Act permitted agencies to merge their performance and accountability reports for FY 2002. Since all agencies produced performance and accountability reports for FY 2006, and only some did so for FY 2007, the results of our Scorecard evaluations can be used to assess the effects of the pilot reporting format on the quality of performance reporting.

WHAT WERE THE OUTCOMES THAT THE PILOT PROGRAM SHOULD HAVE ACCOMPLISHED?

OMB CIRCULAR A-136 states two related goals for the pilot program:

The goals of the pilot are to allow agencies to explore different formats to enhance the presentation of financial and performance information and make this information more meaningful and transparent to the public.¹³

The pilot will give the Federal Government an opportunity to find the best way to present complete and candid financial and performance information that is useful to its many stakeholders.¹⁴

The first statement implies that the pilot's primary purpose is to improve the usefulness of financial and performance information to the general public. The second implies that the goal is to make the information more useful to all stakeholders, which might be taken to mean that diverse formats are appropriate for different kinds of stakeholders. Our Scorecard evaluation is most relevant to assessing progress toward the first goal.

DID THE PILOT FORMAT IMPROVE INFORMATION FOR THE PUBLIC?

ONE WAY TO assess the effects of the pilot format is to compare the FY 2007 scores of reports using that format with the scores of traditional performance and accountability reports. Table 5 shows that the quality of the 15 traditional performance and accountability reports exceeded the quality of the nine pilot reports by a wide margin. The average score for traditional performance and accountability reports was 24 percent higher than the average score for pilot reports. Traditional reports did much better on all three categories (Transparency, Public Benefits, and Leadership). In fact, the only criteria with little scoring difference were criterion 1 (accessibility) and criterion 5 (outcome-oriented goals). One might expect little difference in these scores related to reporting format since criterion 1 largely depends on how the agency presents its report on the Web and criterion 5 depends on the quality of the goals established in the agency's strategic plan.

13. OMB Circular A-136, p. 13.

14. OMB Circular A-136, p. 13.

Table 5: Traditional Format Outscored Pilot Format

CRITERION	1	2	3	4	TRANSPARENCY	5	6	7	8	PUBLIC BENEFITS	9	10	11	12	LEADERSHIP	TOTAL SCORE
PAR 2007 Average	4.13	3.80	2.93	3.20	14.07	3.13	2.87	2.87	2.40	11.27	3.20	2.87	3.00	2.93	12.00	37.33
Pilot 2007 Average	4.00	3.33	1.67	1.78	10.78	3.11	2.33	2.33	1.67	9.44	2.67	2.33	2.56	2.22	9.78	30.00
Difference	0.13	0.47	1.26	1.42	3.29	0.02	0.54	0.54	0.73	1.83	0.54	0.54	0.44	0.71	2.22	7.33
% Difference	3	14	76	80	31	1	23	23	44	19	20	23	17	32	23	24

Comparing scores of the traditional and pilot formats might not provide an unambiguous evaluation of the pilot program if there are systemic differences between the agencies that chose each reporting format. We noticed one obvious difference: reports from most of the agencies choosing the pilot format did not rank highly on our FY 2006 Scorecard. To the extent that scores and rank show some inertia from year to year, average scores for agencies choosing the pilot format might have been lower even if they had produced their reports in the traditional format.

Table 6 controls for this difference by calculating the average change in scores for the two reporting formats in FY 2006 and FY 2007. The average total score for agencies producing traditional performance and accountability reports was virtually identical in both years. Scores on some individual criteria rose or fell, but scores for the three categories of criteria held fairly steady.

Scores for reports using the pilot format in 2007, however, fell noticeably. The average total score fell by more than four points, or 12 percent. Scores fell in all three categories and on most individual criteria. Especially noteworthy are the drops of 25 percent or more for criteria 3 (verification and validation of data), 4 (baseline and trend data), 8 (linkage of results to costs), and 12 (plans to remedy performance deficiencies). These scores fell mainly because this information was significantly abbreviated—or disappeared from public view altogether—in the pilot format.

Table 6: Scores for Pilot Format Nosedive

CRITERION	1	2	3	4	TRANSPARENCY	5	6	7	8	PUBLIC BENEFITS	9	10	11	12	LEADERSHIP	TOTAL SCORE
PAR 2006–07 Change	-0.40	0.20	0.20	-0.07	-0.07	0.00	0.00	0.00	0.07	0.07	-0.20	0.00	0.07	-0.27	-0.40	-0.40
% Change	-9	6	7	-2	0	0	0	0	3	1	-6	0	2	-8	-3	-1
Pilot 2006–07 Change	-0.11	-0.11	-0.89	-0.89	-2.00	0.11	0.00	-0.22	-0.56	-0.67	-0.33	-0.33	0.00	-0.78	-1.44	-4.11
% Change	-3	-3	-35	-33	-16	4	0	-9	-25	-7	-11	-13	0	-26	-13	-12

Scores for four agencies using the pilot format dropped precipitously between FY 2006 and 2007. These were USAID (-10), State (-19), SBA (-9), and Defense (-15). Three pilot agencies saw little change: NASA (0), NSF (0), and Energy (-3). Two improved greatly: Health and Human Services (+12) and Homeland Security (+7).

As noted previously, Health and Human Services and Homeland Security owe the lion’s share of their improvements not to the pilot format, but to new strategic plans with better goals and measures. Similarly, State and USAID owe a lot of their declines to a new strategic plan whose goals and measures are less outcome-oriented. For these reasons, we cannot blame the pilot format entirely for their falls from the 4th and 5th places respectively in 2006.

The two main consequences of the pilot for the general public are delayed access to performance information for more than two months (from November to February) and forcing people to consult three different sources instead of one to find the information. The delay in reporting did not enhance the extent or quality of information available to the public, and may have diminished it. As Table 7 shows, there was no overall trend in the percentage of performance results that the pilot agencies reported this year versus last year.¹⁵ The changes for individual agencies (both ways) were modest.

Table 7: Percentage of All Measures with Reported Results

PILOT AGENCY	FISCAL YEAR 2006	FISCAL YEAR 2007
Defense	86%	92%
Energy	100%	100%
HHS	47%	55%
Homeland	100%	100%
NASA	100%	90%
NSF	100%	100%
SBA	94%	87%
State	100%	100%
USAID	100%	96%

Furthermore, it appeared that most information contained in the pilot agency documents we reviewed could have been provided last November (with a possible exception of out-year targets from performance plans). Perhaps the pilot agency budget justifications contained enhanced information or presented it in enhanced format. However, any benefit here is lost for most members of the general public since most cannot reasonably be expected to access, navigate, or decipher budget justifications.

The use of three different documents also was a major drawback. Most pilot agency highlights documents had little value as self-contained sources of information; several were virtually useless. The pilot agencies could do a much better job of providing user-friendly links to other source documents. Even where other source documents can be easily accessed, they may not help the general public. Some pilot agencies presented their

15. This table does not distinguish between results reported on the basis of final data versus estimates because the reports often do not make this distinction clear. Also, it is not always clear whether missing results were due to lagging data or something else. The table does not include missing results where a report made clear that they stemmed from factors other than lagging data.

detailed performance information in free-standing annual performance reports that a lay reader could try to use. Others, however, embedded detailed performance data in their budget justifications and thus effectively placed the information beyond the reach of the general public.

At least for FY 2007, the pilot approach to performance reporting seriously impaired the accessibility and transparency of performance information for the general public and detracted from its value to the public.

DID THE PILOT FORMAT IMPROVE INFORMATION FOR OTHER STAKEHOLDERS?

WE CANNOT ANSWER this question directly since our evaluation focuses on the usefulness of performance reports to the general public. But we can speculate on what factors might indicate an improvement in the usefulness of information to other stakeholders. There are two ways the pilot might improve usefulness of the reports to stakeholders other than the general public.

First, the pilot format allowed agencies to publish performance information with the congressional budget justification. Combining performance and financial information could facilitate performance-based budgeting, if the performance and financial information are both furnished at an appropriate level of detail and matched up. The ultimate test of whether this occurred would be if Congress makes more extensive use of the performance information in this year's budget deliberations.

Second, the pilot format separated performance reports from financial reports. By allowing agency financial staff to concentrate on financial reporting, separation of the performance information from the agency financial report might arguably improve the quality of the financial report in some way that users of this report find helpful. The Association of Government Accountants annually evaluates the quality of federal agencies' reports; their criteria focus more on accounting issues in the financial report than ours.¹⁶ If the pilot format improves the financial reports, their evaluation would be more likely to identify that.

16. AGA's guidelines for its Certificate of Excellence in Accountability Reporting program is available at <http://www.agacgfm.org/performance/cear/downloads/Guidelines.pdf>.

HIGHLIGHTS DOCUMENT IS THE HIGHLIGHT

THE MAIN ADVANTAGE of the pilot program was the highlights document itself. Our reviews this year confirm that a well-done highlights document can greatly enhance the presentation and value of performance information for lay readers.

A good highlights document is essential if the pilot approach to performance reporting is to have any value to the general public. Unfortunately, our scores for many of the pilot agencies reflect their failure to produce good highlights documents this year. Some of the deficiencies we found in the pilot agency reports could easily be fixed. In particular, agencies should:

- Make the highlights document a useful document for the general public by making it the self-contained overview of agency performance envisioned by OMB guidance and our May 22, 2007 memo.
- Include in the highlights document clear, user-friendly links directly to relevant content in other source documents (e.g., the full inspector general assessment of management challenges and agency response; backup on performance data verification and validation).
- Ensure that all relevant GPRA performance report information is located in a source document that is easily accessible and usable by the general public (i.e., not placed only in budget justifications).

We also found that a good highlights document can make a traditional performance and accountability report better. Indeed, the highlights that a number of non-pilot agencies voluntarily produced were generally much better than those of the pilot agencies. For example:

- The Education performance highlights does a good job of describing the department's strategic goals and uses the same user-friendly format as its full report to summarize performance results against the department's key measures.¹⁷ It includes narratives, beginning on page 14, that describe specific achievements. Page 20 addresses data quality.
- The EPA highlights document links to performance-related documents in addition to the full report, such as the agency's strategic plan and performance plan (page 7) and sources for more detail on other subjects such as President's Management Agenda and Performance Assessment Rating Tool (PART) scores (pages 33–34).¹⁸ Most of the report (pages 11–30) consists of narratives for each strategic goal that (1) provide an overview of the nature and purpose of the goal as well as the agency's role; (2) describe significant accomplishments; and (3) briefly discuss future challenges. These narratives are clear and cogent. They cite many accomplishments that transcend FY 2007 and describe results spanning a number of years.
- The HUD highlights document begins with a transmittal message from the secretary that briefly describes a number of management and program accomplishments.¹⁹ Pages 4–23 list

17. Department of Education Highlights, pages 7-19, available at <http://www.ed.gov/about/reports/annual/2007report/report-highlights.pdf>.

18. Environmental Protection Agency Highlights, pages 7-34, available at http://www.epa.gov/ocfo/par/2007par/par07_highlights_document.pdf.

19. Department of Housing and Urban Development Highlights, available at <http://www.hud.gov/offices/cfo/reports/2007pahr.pdf>.

the department's strategic goals and objectives and discuss performance results for selected key measures. Accompanying tables provide baseline and trend data for the key measures. The performance section includes useful narratives that cover major accomplishments and future challenges. There are also some illustrative vignettes. For example, page 21 of the highlights describes an award-winning, eco-friendly affordable housing project in Rogers, Arkansas.

- The Interior highlights document provides a good overview of the department's mission areas.²⁰ It focuses on representative measures for each strategic goal, presenting FY 2007 and prior year results as well as FY 2008 targets. It also includes the department's innovative and useful cost data per measure. The narratives are generally concise and informative.
- The Veterans Affairs highlights document begins with a substantive transmittal message that lists many specific performance accomplishments.²¹ It incorporates a number of features from the department's full report, which make the latter such a user-friendly and informative document. These include the "performance scorecard" for key measures, statements of public benefit for each strategic goal, and most important achievements and current challenges for each strategic goal. Page 29 has a table on the inspector general's major management and performance challenges and gives page references to the full report for more details.²²
- Labor's 24-page highlights document, the best of all in our view, provides direct links to the relevant portions of the full report for subjects that it summarizes.²³ (See, e.g., pages 5, 6, and 10.) It is clearly written and exceptionally concise given the amount of substantive content it conveys. The excellent graphics further add to the report's clarity and readability. The secretary's transmittal message sets forth the department's highly outcome-oriented strategic goals. The highlights focus on 13 key performance goals that represent the department's performance areas. Pages 6 through 17 lay out the performance results for the key goals. The presentations include brief narratives for each key goal, targets and results for the current year and several prior years, cost allocations, and vignettes illustrating the impact on real people. Page 24 discusses inspector general-identified major management and performance challenges. It highlights and summarizes improvement actions for three of the ten challenges and provides a direct link to the full report for more detail on all ten of them.

Irrespective of the fate of the pilot program, the practice of preparing a highlights document should continue and expand. At the same time, agencies need to enhance the quality and usefulness of the highlights. To assist in that effort, we offer a top 10 list of specific suggestions to improve the highlights documents. Many of the features we suggest can be found in the examples cited above. We particularly recommend the Labor highlights document as a model for other agencies.

20. Department of the Interior Highlights, available at http://www.doi.gov/pfm/par/par2007/par07_highlights.pdf.

21. Secretary at the Department of Veteran Affairs transmittal letter available at http://www.va.gov/budget/report/2007/Highlights/Sec_Letter.pdf.

22. Table available at http://www.va.gov/budget/report/2007/Highlights/Part_III.pdf.

23. Department of Labor Highlights, available at http://www.dol.gov/_sec/media/reports/annual2007/2007highlights.pdf.

TOP 10 WAYS TO IMPROVE HIGHLIGHTS DOCUMENTS

1. Make the highlights useful as a stand-alone document, providing an overview of the agency's performance, with at least the minimum content prescribed by OMB Circular A-136.
2. Clearly describe and specifically reference in the highlights document all other sources of relevant performance report information and what they contain.
3. Provide user-friendly links directly to all such information sources (e.g., a link to the portion of the agency's financial report containing the inspector general's assessment of major management challenges, not just a general link to the financial report).
4. Ensure that all referenced information appears in a format that the general public can navigate and comprehend (i.e., not just in budget justifications, which are incomprehensible to most people).
5. Describe specific key performance measures and results. Simply stating the overall percentage of measures an agency met, without further detail, tells the reader nothing useful.
6. Include an agency head transmittal message that conveys substantive information about the agency's performance (e.g., its most important accomplishments and future challenges).
7. Use graphics and other user-friendly presentational formats, such as a "performance scorecard" table, to summarize key information.
8. Include brief narratives in plain English to put the agency's performance measures, targets, and results in context (e.g., why is a measure important, how was the target selected, and what does the result signify?).
9. Don't hesitate to highlight important results that occur over multiple years. This is particularly useful for agencies whose outcomes do not occur in the annual increments covered by individual performance reports.
10. Improve the agency's underlying performance information. Since the highlights document flows from the agency's performance metrics and related data, it can only be as good in substance as they are. An agency with poor goals and measures or faulty data cannot produce a first-rate highlights document.

INDIVIDUAL CRITERIA HIGHLIGHTS

IN PAST SCORECARDS, we highlighted the reports that scored the highest and lowest for each of our twelve evaluation criteria and briefly explained what made them the strongest or the weakest. The purpose was to encourage learning by pointing out best and worst practices. For FY 2007, however, the principal new “bests” and “worsts” are all related to the highlights documents and pilot format. For this reason, we divide the discussion on individual criteria between the agencies that produced traditional performance and accountability reports and the agencies that opted for the pilot format. In the interests of brevity, we only discuss significant practices that have changed since FY 2006.

Readers interested in learning about best practices in performance reporting that have been established for more than one year should refer to the “Strongest and Weakest Scores” section in the 2006 Scorecard.²⁴ That document also provides more detailed explanations of how we evaluate reports on each criterion.

TRANSPARENCY

Table 8: Transparency Scores

	CRITERION				CATEGORY TOTAL
	1	2	3	4	
TRANSPORTATION	4	5	4	5	18
LABOR	5	5	4	4	18
VETERANS	5	5	4	4	18
NRC	4	4	3	4	15
COMMERCE	4	3	4	3	14
HHS	4	4	2	2	12
DHS	5	4	3	2	14
JUSTICE	4	4	3	4	15
TREASURY	5	3	3	3	14
GSA	4	3	2	3	12
AGRICULTURE	3	3	2	3	11
EPA	4	4	2	3	13
SOCIAL SECURITY	5	3	3	3	14
USAID	5	4	1	2	12
EDUCATION	4	4	2	2	12
INTERIOR	3	4	3	3	13
NASA	4	4	1	2	11
ENERGY	5	3	1	2	11
HUD	4	4	2	2	12
NSF	5	3	3	2	13
STATE	5	4	1	2	12
OPM	4	3	3	2	12
SBA	2	2	2	1	7
DEFENSE	1	2	1	1	5

24. Previous years' Scorecards are available at <http://www.mercatus.org/programs/pageID.350,programID.4/default.asp>.

1. Is the report easily accessible and easily identified?

SCORES FOR PAR agencies changed little. The main reason for the three percent drop in scores among PAR agencies is that four agencies did not have direct home page links to their reports: Commerce, Education, EPA, and Interior. Another occasional shortcoming was lack of report-specific contact information or difficulty in finding prior years' reports online. For agencies with home page links, some were more prominent than others; e.g., the PAR was highlighted on the home page (Agriculture, Labor) rather than linked to performance reports in small print at the bottom of the home page (Veterans Affairs). We did not factor the prominence of the home page link into our scoring this year, but we might consider doing so in the future.

Seven of the nine pilot agencies had direct home page links to their highlights documents. The highlights for Defense and SBA were not posted online by the OMB due date of February 1, nor could we find them the following week when we did our searches. We reviewed the highlights documents for all nine agencies although the Defense and SBA highlights were only available in hard copy at the time of our review. We reviewed additional documents when the highlights document clearly directed the reader to them and the additional documents were easy for a reader to find and use. We were able to use all three relevant documents—highlights, financial report, and performance report—for only two of the nine agencies: Energy and Homeland Security.

We used the financial report for eight of the nine agencies (all but NASA) to review the inspector general's presentation on major management challenges since the highlights documents for these eight agencies referenced and linked to the financial report for this information. However, only HHS linked *directly* to the inspector general's presentation in the financial report. The others provided a general link to the financial report, thus requiring the reader to search through that report in order to access the inspector general's presentation. NASA provided no reference or link to the financial report for the inspector general's presentation.

Three of the nine agencies (Energy, Homeland Security, and NASA) published stand-alone performance reports, which we considered in our reviews.²⁵ Three agencies (HHS, NSF, and SBA) embedded their performance reports into their budget justifications; we did not consider these. At the time we did our searches, we were unable to locate a performance report online in any form for Defense, State, or USAID.

2. Is the report easy for a layperson to read and understand?

THIS IS THE criterion most directly affected by the highlights document required by the pilot format. But eight agencies producing traditional PARs also produced highlights documents.

For traditional PAR agencies, the average score on criterion 2 increased from 3.6 in 2006 to 3.8 in 2007 because of the highlights documents. Indeed, the most noteworthy finding about the PAR agency reports is how much the highlights improved them. Our "before and after" PAR agency scores for criterion 2 illustrate this. We gave four agencies a total of six additional points for their highlights documents: EPA (+2), HUD (+2), Interior (+1) and Labor (+1). Without these adjustments, the average PAR agency score for criterion 2 would have been 3.4.

Ironically, the voluntary highlights done by the PAR agencies were much stronger than those the pilot agencies were required to do. Labor produced the best of all the highlights documents. Its highlights document comes closest to the criteria outlined in the Mercatus Center's memo to agencies last May as well as the OMB guidance for highlights documents in Circular A-136. This document should serve as a model for other agencies.

25. Department of Homeland Security performance report available at http://www.dhs.gov/xlibrary/assets/cfo_apr_fy2007.pdf.

Department of Energy performance report available at <http://www.cfo.doe.gov/CF1-2/2007APR.pdf>. NASA performance report available at <http://www.nasa.gov/news/budget/index.html>.

Most of the PAR agency highlights also were well done. One reason for the higher quality of the PAR agency highlights is that the PAR agencies generally have better substantive content and presentational features from their reports to highlight than do the pilot agencies.

All of the highlights documents from the pilot agencies were reasonably easy to read although in many cases this was because they had little substantive content. All were much shorter than a traditional performance and accountability report. They ranged from 23 pages (Energy) to 56 pages (Homeland Security). Circular A-136 “encouraged” a 25-page limit for the highlights. However, we found no positive correlation between the length of the highlights document and its quality. The two lowest-scoring agencies produced among the shortest highlights: Defense (24 pages) and SBA (25 pages). Neither provided meaningful insights into program performance as a stand-alone document. Since these agencies also lacked user-friendly performance reports, their overall effort under the pilot diminished the quality of their disclosure to the public. By contrast, the HHS 47-page highlights is the most useful of the pilot agency products as a stand-alone document.

THIS YEAR'S AWARD-WINNING ACRONYMS

IT'S HARD TO top some of the acronyms we've highlighted in the past, such as LUST (Leaking Underground Storage Tank), NORAD (Norwegian Aid, not North American Air Defense), and eMerge2 (Electronically Managing Enterprise Resources for Government Efficiency and Effectiveness). But here are a few that made our heads spin (or our eyes roll) this year.

ACRONYM	APPARENT MEANING	PERPETRATOR
HSPD-9	Homeland Security Presidential Directive 9	Agriculture
ISSLoB	Information Systems Security Line of Business	Commerce
TASSIE	Title I Accountability Systems	Education
IAQTfS	Indoor Air Quality Tools for Schools	EPA
GITGO	GSA IT Infrastructure Technology Global Operations	GSA
ERP	Energy Resources Program	Interior
JABS	Joint Automated Booking System	Justice
O*NET	Occupational Information Network	Labor
OUO	Official Use Only	NRC
FEDVIP	Federal Employee Dental and Vision Program	OPM
SSOARS	Social Security Online Accounting and Reporting System	Social Security
TEOAF	Treasury Executive Office for Asset Forfeiture	Treasury
CARES	Capital Asset Realignment for Enhanced Services	Veterans Affairs

Our favorite acronym-laden sentence:

“In accordance with recent SSA OIG and GAO audit recommendations, as well as Section 7213(c) of IRTPA, SSA modified the EAB systems process to prevent the assignment of multiple SSNs to the same child and to restrict the assignment of SSNs to unnamed children.”

—*Social Security report, p. 19.*

3. Are the performance data reliable, credible, and verifiable?

AMONG THE TRADITIONAL PAR agencies, we saw no systemic differences from FY 2006. For the pilot agencies, this is a major area of weakness, with a significantly lower average score compared to last year. None of the highlights contained much background on data, and only one (Homeland Security) provided a useful link to another source document.

4. Did the agency provide baseline and trend data to put its performance measures in context?

SCORES ON THIS criterion changed little for the PAR agencies. For the pilot agencies, this is another weak area with a significantly lower average score, largely for the same reasons as criterion 3. The highlights provided little baseline and trend data, and only Homeland Security had a useful link to another source. On the other hand, several of the highlights (HHS, Homeland Security, State, and USAID) included outyear performance targets for individual measures. This could be one piece of useful information that may not be available in advance of the budget submissions.

PUBLIC BENEFITS

Table 9: Public Benefit Scores

	CRITERION				CATEGORY TOTAL
	1	2	3	4	
TRANSPORTATION	5	5	5	5	20
LABOR	5	4	4	5	18
VETERANS	4	4	4	4	16
NRC	4	3	4	1	12
COMMERCE	2	2	2	4	10
HHS	4	4	3	2	13
DHS	4	2	3	3	12
JUSTICE	3	2	3	1	9
TREASURY	3	2	2	2	9
GSA	3	3	3	4	13
AGRICULTURE	3	3	3	1	10
EPA	3	3	3	2	11
SOCIAL SECURITY	2	2	2	1	7
USAID	3	3	3	1	10
EDUCATION	3	3	2	1	9
INTERIOR	2	3	2	3	10
NASA	3	2	2	2	9
ENERGY	4	2	2	3	11
HUD	3	2	2	1	8
NSF	2	2	3	1	8
STATE	3	3	3	1	10
OPM	2	2	2	1	7
SBA	3	2	1	1	7
DEFENSE	2	1	1	1	5

5. Are the goals and objectives stated as outcomes?

6. Are the performance measures valid indicators of the agency's impact on its outcome goals?

7. Does the agency demonstrate that its actions have actually made a significant contribution toward its stated goals?

Overall, the average “performance metrics” scores did not change much from last year. However, there was significant movement both up and down on the part of some individual agencies. Two agencies showed considerable improvement under criteria 5–7: HHS (+3) and Homeland Security (+ 3). On the other hand, State dropped five points for these criteria, and USAID dropped two points. These changes probably have less to do with the pilot and more to do with the new strategic plans each agency issued for FY 2007.

Tables 10–12 provide a side-by-side comparison of these departments’ goals and measures for FY 2006 and FY 2007. The tables exclude goals and measures related to internal management, which by their natures do not focus on direct outcomes produced for the public.

Table 10 reveals several big differences for HHS. The FY 2007 strategic goals cover some of the same topics as the FY 2006 goals, but they are better organized and expressed in ways that more clearly indicate the outcomes HHS is trying to achieve. HHS articulated no strategic objectives in FY 2006, but in FY 2007 there are 16 strategic objectives, most of which are outcome-oriented. Two-thirds of performance measures are outcome-oriented in FY 2007, compared to only one-third in FY 2006.

Homeland Security’s improvements are documented in Table 11. All of the FY 2007 strategic goals and objectives are expressed as outcomes. A majority of the performance goals are now outcome-oriented, compared to one-fifth in FY 2006. There is still room for improvement as few of the measures are outcome-oriented.

Finally, Table 12 reveals some of the reasons State and USAID’s scores and rankings fell precipitously. Their FY 2006 strategic goals identify many specific outcomes; their FY 2007 strategic goals read more like a statement of principles. The research team could not find performance goals for either agency in FY 2007. Fewer measures for FY 2007 were related to intermediate or final outcomes.

Table 10: Health and Human Services

2006	2007
STRATEGIC GOALS	STRATEGIC GOALS
<ul style="list-style-type: none"> • Reduce the major threats to the health and well-being of Americans. • Enhance the ability of the Nation's health care system to effectively respond to bioterrorism and other public health challenges. • Increase the percentage of the Nation's children and adults who have access to health care services, and expand consumer choices. • Enhance the capacity and productivity of the Nation's health science research enterprise. • Improve the quality of health care services. • Improve the economic and social well-being of individuals, families, and communities, especially those most in need. • Improve stability and healthy development of our Nation's children and youth. 	<ul style="list-style-type: none"> • Health Care – Improve the safety, quality, affordability, and accessibility of health care, including behavioral health care and long-term care. • Public Health Promotion and Protection, Disease Prevention, and Emergency Preparedness – Prevent and control disease, injury, illness, and disability across the lifespan, and protect the public from infectious, occupational, environmental, and terrorist threats. • Human Services – Promote the economic and social well-being of individuals, families, and communities. • Scientific Research and Development – Advance the scientific and biomedical research and development related to health and human services.
STRATEGIC OBJECTIVES	STRATEGIC OBJECTIVES
None.	There are 16 strategic objectives, of which 10 capture measurable outcomes and another four are outcome-oriented but at a very high level.
PERFORMANCE GOALS	PERFORMANCE GOALS
None	None
PERFORMANCE MEASURES	PERFORMANCE MEASURES
Of the 35 performance measures covered by the report, about one-third are outcome-oriented.	About two-thirds of the 40 performance measures are stated as end outcomes or intermediate outcomes.

Table 11: Homeland Security

2006	2007
<p>STRATEGIC GOALS</p> <ul style="list-style-type: none"> Awareness – Identify and understand threats, assess vulnerabilities, determine potential impacts, and disseminate timely information to our homeland security partners and the American public. Prevention – Detect, deter, and mitigate threats to our homeland. Protection – Safeguard our people and their freedoms, critical infrastructure, property and the economy of our nation from acts of terrorism, natural disasters or other emergencies. Response – Lead, manage, and coordinate the national response to acts of terrorism, natural disasters or other emergencies. Recovery – Lead national, state, local, and private-sector efforts to restore services and rebuild communities after acts of terrorism, natural disasters or other emergencies. Service – Serve the public effectively by facilitating lawful trade, travel, and immigration. 	<p>STRATEGIC GOALS</p> <ul style="list-style-type: none"> Protect our Nation from Dangerous People <p><i>Objective 1.1: Achieve Effective Control of Our Borders.</i> Achieves outcome of reducing the risk of potential terrorists, instruments of terrorism, or other unlawful activities from entering the United States through our borders.</p> <p><i>Objective 1.2: Immigration Services.</i> Achieves outcome of ensuring lawful immigrants and visitors are welcomed and they receive timely and correct immigration information and benefits.</p> <p><i>Objective 1.3: Strengthen Screening of Travelers and Workers.</i> Achieves outcome of reducing the risk of potential terrorists, instruments of terrorism, or other unlawful activities from threatening our transportation systems.</p> <ul style="list-style-type: none"> Protect our Nation from Dangerous Goods <p><i>Objective 2.1: Nuclear/Radiological.</i> Achieves outcome of reducing the risk of a nuclear or radiological attack in the United States.</p> <p><i>Objective 2.2: Biological.</i> Achieves outcome of reducing the risk of a biological attack in the United States.</p> <ul style="list-style-type: none"> Protect Critical Infrastructure <p><i>Objective 3.1: Fixed Critical Infrastructure and Key Assets.</i> Achieves outcome of ensuring the protection and resiliency of the Nation’s fixed critical infrastructure and key assets.</p> <p><i>Objective 3.2: Transportation Modes.</i> Achieves outcome of ensuring the protection of all transportation modes.</p> <ul style="list-style-type: none"> Build a Nimble, Effective Emergency Response System and a Culture of Preparedness <p><i>Objective 4.1: Response and Recovery.</i> Achieves outcome of ensuring Americans and their governments at all levels can respond to and recover from catastrophic incidents.</p> <p><i>Objective 4.2: Preparedness.</i> Achieves outcome of ensuring Americans are prepared, capable, and ready to respond to adverse incidents.</p> <p>(The strategic objectives are included here since the DHS highlights document integrated them with the goals.)</p>
<p>STRATEGIC OBJECTIVES</p> <p>There are 26 programmatic strategic objectives, of which six are clearly stated as measurable outcomes.</p>	<p>STRATEGIC OBJECTIVES</p> <p>There are nine programmatic strategic objectives, all of which are clearly stated as measurable outcomes (see above).</p>
<p>PERFORMANCE GOALS</p> <p>About one-fifth of the 70- plus annual performance goals are outcome-oriented.</p>	<p>PERFORMANCE GOALS</p> <p>A majority of the 59 programmatic annual performance goals are intermediate or end outcomes.</p>
<p>PERFORMANCE MEASURES</p> <p>Few of the 100-plus performance measures are outcome-oriented.</p>	<p>PERFORMANCE MEASURES</p> <p>There are 127 performance measures. Five of the eight key measures highlighted in the report are outcome-oriented; few of the rest are.</p>

Table 12: State and USAID

2006	2007
STRATEGIC GOALS	STRATEGIC GOALS
<p>State and USAID used a common set of strategic goals although some applied only to State:</p> <ul style="list-style-type: none"> • Regional Stability: Avert and Resolve Local and Regional Conflicts to Preserve Peace and Minimize Harm to the National Interests of the United States. • Counterterrorism: Prevent Attacks Against the United States, Our Allies, and Our Friends, and Strengthen Alliances and International Arrangements to Deter Global Terrorism. • Homeland Security: Secure the Homeland by Strengthening Arrangements that Govern the Flows of People, Goods, and Services Between the United States and the Rest of the World. • Weapons of Mass Destruction: Reduce the Threat of Weapons of Mass Destruction to the United States, Our Allies, and Our Friends. • International Crime and Drugs: Minimize the Impact of International Crime and Illegal Drugs on the United States and its Citizens. • American Citizens: Assist American Citizens to Travel, Conduct Business, and Live Abroad Securely. • Democracy and Human Rights: Advance the Growth of Democracy and Good Governance, Including Civil Society, the Rule of Law, Respect for Human Rights, and Religious Freedom. • Economic Prosperity and Security: Strengthen World Economic Growth, Development, and Stability, While Expanding Opportunities for U.S. Businesses and Ensuring Economic Security for the Nation. • Social and Environmental Issues: Improve Health, Education, Environment, and Other Conditions for the Global Population. • Humanitarian Response: Minimize the Human Costs of Displacement, Conflicts, and Natural Disasters. • Public Diplomacy and Public Affairs: Increase Understanding For American Values, Policies, and Initiatives to Create a Receptive International Environment. 	<p>State and USAID have a joint set of goals:</p> <ul style="list-style-type: none"> • Achieving Peace and Security. • Governing Justly and Democratically. • Investing in People. • Promoting Economic Growth and Prosperity. • Providing Humanitarian Assistance. • Promoting International Understanding.
STRATEGIC OBJECTIVES	STRATEGIC OBJECTIVES
None in the usual sense of strategic objectives used to elaborate on the strategic goals. The report designates broad descriptors above the strategic goals as "strategic objectives."	No strategic objectives as such. There is a list of "strategic priorities" for each goal, but they add little substance to the goals.

PERFORMANCE GOALS	PERFORMANCE GOALS
<p>State has 32 programmatic annual performance goals, all of which are clearly stated as intermediate or end outcomes.</p> <p>USAID has 13 programmatic annual performance goals, all of which are stated as outcomes.</p>	None
PERFORMANCE MEASURES	PERFORMANCE MEASURES
<p>State has 94 performance measures. They included many end outcomes or intermediate outcomes, but were less results-oriented than the goals. About half of the measures capture intermediate or end outcomes.</p> <p>USAID has 35 measures, of which less than one-quarter are outcome-oriented.</p>	<p>State and USAID have a joint set of measures. The highlights document describes 28 illustrative performance measures, of which about one-third capture intermediate or end outcomes. Most are numbers that relate to outputs or activities. Several would be more outcome-oriented if expressed as a percentage rather than a raw number. The rest of the 101 measures are listed without any accompanying narratives. Thus, it is difficult to assess their outcome orientation.</p>

8. Did the agency link its goals and results to costs?

FOR TRADITIONAL PAR agencies, there was minimal change in the average score for this criterion: from 2.3 last year to 2.4 this year. Also, there is still essentially the same division of agencies that are trying to improve here and those that are not. Thus, the hints of progress we have seen in recent years here may have stalled.

For pilot agencies, this criterion has much the same story as criteria 3 and 4. Either the agency's report never had done well on this criterion, or the information effectively disappeared from the public in FY 2007 due to the pilot format. For example, State and USAID scored well under this criterion in FY 2006 and probably have cost information again this year somewhere; however, we found no user-friendly source for it. Homeland Security is the one pilot agency to show substantive improvement here.

FORWARD-LOOKING LEADERSHIP

Table 10: Leadership Scores

	CRITERION				CATEGORY TOTAL
	9	10	11	12	
TRANSPORTATION	5	4	4	4	17
LABOR	4	4	5	4	17
VETERANS	5	4	4	4	17
NRC	3	3	3	3	12
COMMERCE	3	3	3	4	13
HHS	3	3	3	3	12
DHS	3	3	2	3	11
JUSTICE	3	3	3	2	11
TREASURY	3	3	3	3	12
GSA	3	2	2	2	9
AGRICULTURE	3	3	3	3	12
EPA	3	2	2	2	9
SOCIAL SECURITY	2	3	3	4	12
USAID	3	2	3	2	10
EDUCATION	3	2	3	3	11
INTERIOR	3	2	2	2	9
NASA	3	4	2	3	12
ENERGY	2	3	2	2	9
HUD	3	3	3	2	11
NSF	3	2	3	2	10
STATE	3	2	2	2	9
OPM	2	2	2	2	8
SBA	2	1	4	1	8
DEFENSE	2	1	2	2	7

9. Does the report show how the agency's results will make this country a better place to live?

TRADITIONAL PAR AGENCIES saw little change here. For pilot agencies, the scores for this criterion follow the same pattern as their overall scores. State dropped two points; Defense, Energy, and SBA dropped one point; and HHS and Homeland Security each gained one point. Perhaps it is significant that NASA and NSF stayed the same. This criterion emphasizes narrative descriptions of accomplishments rather than performance metrics per se. In the past, the narrative portions of the NASA and NSF reports have been more valuable in showing public benefit to the general public than their performance metrics, which are not at all geared to the lay reader. Thus, they had less to lose from the pilot approach.

10. Does the agency explain failures to achieve its goals?

THE BIGGEST ISSUE on this criterion appeared both for some PAR and some pilot agencies. Some reports waffle by describing goals or measures as “met” even if performance fell somewhat short of the target. This problem may be getting worse. PAR agencies that did this include Interior, Labor, and possibly Education (whose approach is ambiguous). Some pilot agencies (SBA, State, and USAID) also have this problem. On the positive side, Commerce changed its practice this year after we criticized them for it last year.

We are also concerned that some agencies aggregate their results by groups of measures. Assuming that some measures are more significant than others, this practice can be misleading and distort results. Energy and Labor provide examples of this practice. Page 5 of Energy’s highlights document, for instance, provides a list of goals. For each goal, the table lists the number of performance measures that were 90 percent met (“green”), 80–89 percent met (“yellow”), or less than 80 percent met (“red”). This appears to give each of a goal’s measures equal weight in determining the color coding the goal received. Goals are also grouped by “strategic themes,” and each theme receives a color coding based on the number of goals receiving green, yellow, and red ratings. It is clear from the accompanying budget numbers that some goals are more important than others—or at least use more resources—but it is not clear whether the importance of the goal gives it more weight in determining the rating for the strategic theme of which it is part.

11. Does the report adequately address major management challenges?

NEITHER THE AVERAGE score nor the individual agency scores for this criterion changed significantly from last year. This is mainly because we were able to access the inspector general presentations and agency responses for eight of the nine pilot agencies from their financial reports and the content, once found, was much the same as last year. NASA did not provide a link to its inspector general presentation. Its highlights document included a discussion of major management challenges, but it was not very extensive.

12. Does the report describe changes in policies or procedures that will allow the agency to do better next year?

THE AVERAGE PAR agency score dropped from 3.2 last year to 2.9 this year. The evaluation team could identify no systemic reason for this; scores on individual reports dropped for various unique reasons.

Among pilot agencies, there was a major drop-off compared to FY 2006 under this criterion. State and SBA each lost two points; Defense, Energy, NASA, and USAID each lost one point. The principal reason was missing or highly abbreviated information. HHS was the only agency to improve under this criterion, gaining one point.

REPORTING AND RESULTS

THIS SCORECARD EVALUATES the quality of the disclosure in an agency's performance report, not the quality of the agency's performance. Agencies with high scores are not necessarily high-performing agencies, and agencies with low scores are not necessarily low performers. A good performance report might simply make poor performance more transparent. On the other hand, the discipline of strategic planning and performance reporting might improve agency performance by focusing managers' attentions on producing actual outcomes.

Recent scholarly research has shed new light on the links between the quality of some aspects of performance reporting, the quality of management, and the results produced. Research in this area is sparse, because it is difficult to find good measures of agency management or performance that permit comparison across a wide range of agencies. Yet a few studies suggest that quality disclosure of outcomes is associated with better performance.

Hal G. Rainey and Young Han Chun developed several measures of "organizational goal ambiguity" and used these measures to evaluate 115 federal agencies. Most relevant here, they measured "evaluative" ambiguity by assessing how outcome-oriented each agency's goals and measures are.²⁶ In a 2000 survey of federal employees administered by the National Partnership for Reinventing Government, they found that higher levels of evaluative ambiguity were associated with lower agency scores on managerial effectiveness, customer service orientation, productivity, and work quality.²⁷ Of course, the survey only measured federal employees' *perceptions* of their agencies' achievement on these variables; so it is not a direct measure of results. Nevertheless, it is interesting to note that federal employees perceive that their agencies are better managed, more customer-focused, more productive, and produce higher-quality work when GPRA goals and measures are more outcome-oriented.

More recently, our Mercatus Center colleagues Eileen Norcross and Patrick Manchester undertook an econometric investigation of the determinants of scores in OMB's Program Assessment Rating Tool (PART). PART applies GPRA-style analysis to about 1,000 individual programs covering most of the federal budget. PART consists of 25–30 questions intended to evaluate programs along four dimensions: purpose and design, strategic planning, management, and results. Each section receives a score between 0 and 25 points. The program's total score is a weighted average of the four scores: purpose and design (20 percent), strategic planning (10 percent), management (20 percent), and results (50 percent).²⁸

Norcross and Manchester found a positive (and highly statistically significant) relationship between an agency's scores on our Scorecard and the PART scores its programs receive. The higher an agency's Scorecard score, the higher its programs' overall PART scores, as well as their scores on the Strategic Planning, Management, and Results sections of PART. A 1-point increase in an agency's Scorecard score is associated with a 0.35 point increase in its programs' overall PART scores and a 0.5 point increase in its programs' scores on the Results section of PART.²⁹

26. Young Han Chun and Hal G. Rainey, "Goal Ambiguity in US Federal Agencies," *Journal of Public Administration Research and Theory* 15 (2005), 1-30.

27. Young Han Chun and Hal G. Rainey, "Goal Ambiguity and Organizational Performance in US Federal Agencies," *Journal of Public Administration Research and Theory* 15 (2005), 529-57.

28. <http://www.whitehouse.gov/omb/expectmore/part.html>.

29. Patrick Manchester and Eileen Norcross, "Politics and Performance in the Bush Administration's Program Assessment Rating Tool", (Draft, Spring 2008).

If PART scores—particularly the score for the results section—are a valid measure of a program’s performance, then higher Scorecard scores are indeed associated with better performance. If PART scores merely measure the agency’s skill at answering OMB’s questions, then better performance reporting is correlated with greater skill at navigating PART evaluations. In either case, GPRA and PART appear to be complementary.

Though hardly definitive, these findings suggest that better performance reporting may indeed lead to better performance. And we know of no empirical research that finds good performance reporting diminishes performance.

CONCLUSIONS

The pilot format initiated in 2007 is the most significant change in the structure of GPRA performance reporting since the performance reports and accountability reports were merged in FY 2002. The experiment produced mixed results.

In general, the pilot format appears to be a step backward from traditional performance and accountability reports. The principal benefit of the pilot format is its emphasis on the highlights document. Our review found that a good highlights document is essential to the pilot approach and extremely beneficial for a traditional performance and accountability report.

Two agencies choosing the pilot format—HHS and Homeland Security—saw significant improvement in the quality of their reports. This likely occurred because of better goals and measures in their new strategic plans. The other two agencies that saw major movement in their scores and rankings—State and USAID—lost numerous points because their FY 2007 goals and measures were less outcome-oriented than in FY 2006. The experience of these four big movers highlights the contribution a sound strategic plan can make to good performance reporting. If the strategic plan does not establish outcome-oriented goals and measures, then it is difficult for the performance plan to demonstrate how the agency has achieved its intended outcomes.

Three principal conclusions emerge from this year's Scorecard:

1. The best format for performance reporting—from the viewpoint of informing the public—is a traditional performance and accountability report accompanied by a highlights document.
2. The use of highlights reports should be expanded and their quality enhanced. A good highlights document significantly improves the public value of a traditional PAR. If the pilot approach continues in the future, a good highlights document will be essential. Without it, the pilot approach to performance reporting is virtually useless for informing the public.
3. A strategic plan that defines outcome-oriented goals and measures is a critical prerequisite for informative disclosure in performance reports.

In Circular A-136, OMB committed to analyzing the results of the pilot in order to formulate future guidance. Our analysis suggests that the pilot format has diminished the quality of disclosure to the public. OMB should explicitly assess whether the pilot format presents any offsetting benefits for other audiences that might justify its continuation. A particular benefit that could trigger a significant improvement in government performance would be if the merging of performance information with the congressional budget justifications prompts Congress to make greater use of performance information when making budget decisions.

Going forward, we believe OMB guidance incorporating the following elements would maximize the usefulness of GPRA performance reporting to the general public:

- Emphasize the need for highlights documents to be useful to the general public as stand-alone, substantive overviews of agency performance.
- Emphasize the need for highlights documents to provide user-friendly, specific, and direct links to all relevant sources of GPRA performance information.

- Require all cabinet departments issuing a performance and accountability report in November to issue a highlights document as well.
- Strongly encourage other agencies to issue a highlights document as well if their performance and accountability reports are lengthy and complex.
- If OMB retains the pilot format, emphasize that agencies must vastly improve linkages between the highlights document and whatever document(s) contain the performance information.

In developing guidance for FY 2008 reporting, OMB should also be mindful of the interactions between the fall elections, the inauguration, and the various deadlines for reports produced using different formats. If the pilot format is retained and deadlines remain the same, some agencies will produce complete performance and accountability reports about two weeks after the election, while others will not report on their performance until two weeks after the presidential inauguration. OMB should carefully assess the deadlines to determine whether this timing is consistent with effective governance.

Our broader scoring results this year highlight the need to learn lessons from the pilot experiment. Average scores fell, and the reports using the traditional format improved little. Average scores on eight criteria are now below “satisfactory,” and the number of reports scoring below “satisfactory” has steadily risen since FY 2005. Almost \$1.7 trillion of the federal budget is still covered by below-satisfactory performance reporting. Yet recent scholarly research suggests that good strategic planning and reporting may improve agency performance. Now more than ever, high-quality disclosure of agency performance is well worth the effort.

AGENCY-BY-AGENCY SCORING SUMMARIES

IN FISCAL YEAR 2007 RANK ORDER

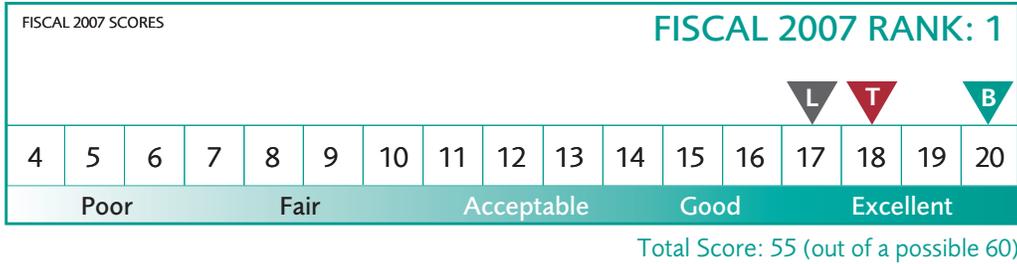
THIS SECTION SUMMARIZES the scores received by each agency in the three major scoring categories: Transparency, Public Benefits, and Leadership. Each agency's summary appears on a separate page in rank order from highest to lowest. The graphic at the top of each page displays the scores each agency received in the three categories this year, FY 2007. The graph at the bottom shows the rankings each agency has earned on the Scorecard for FY 1999 through FY 2007.

For example, the Department of Transportation's report this year earned scores of 18, 20, and 17 on the Transparency, Public Benefits, and Leadership criteria respectively. The total of these scores, 55, gave this report the top ranking for FY 2007.

Significant strengths and weaknesses of each agency's report are then summarized in bullet form. These summaries correspond to the 12 evaluative factors and are organized according to the three evaluative categories: transparency, public benefits, and leadership.

These one-page descriptions draw from extensive notes the research team compiled, explaining the reasons for each report's score on each criterion. The full sets of notes for each report are available on the Mercatus Center's Web site at <http://www.mercatus.org/Programs/pageID.351,programID.4/default.asp>.

DEPARTMENT OF TRANSPORTATION



Transparency (T)

- Excellent transmittal letter highlights specific departmental accomplishments, but also acknowledges specific problems and cites initiatives for improvement.
- Report is well-organized, reader-friendly, and consistently substantive.
- Home page has a prominent direct link to the report, but the link does not include prior year versions. Contact information was found only in the hard copy.
- Results are shown for all 34 key measures; estimates and projections are clearly indicated.
- Extensive baseline and trend data provide rich context for assessing progress.

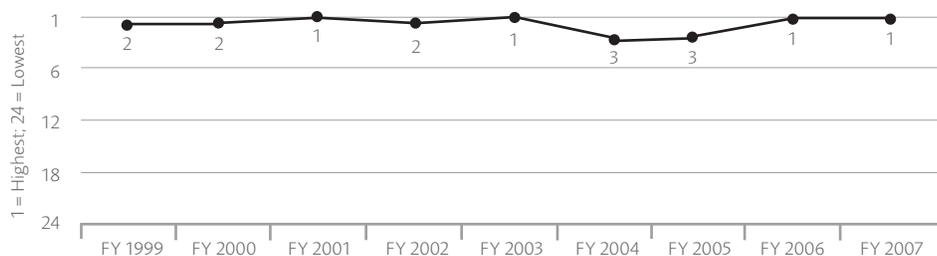
Public Benefits (B)

- The majority of strategic goals and strategic objectives are very outcome-oriented.
- Most programmatic performance measures also capture end or intermediate outcomes.
- Department's performance metrics are exceptionally well-suited to demonstrating accomplishments in its mission areas.

Leadership (L)

- Major advance made in allocating budget costs to strategic goals, "performance goal areas," and individual performance measures.
- Candid and thoughtful narratives throughout the report instill confidence that the department is working hard to enhance public benefits.
- Report clearly discloses shortfalls and generally provides thorough explanations.
- Inspector general's presentation is lengthy and of limited value to the lay reader. Agency's response is much more focused and informative.

RANKING HISTORY



DEPARTMENT OF LABOR



Transparency (T)

- Department’s home page prominently links to the report, which is downloadable in a single file or multiple files.
- Accompanying highlights document is exceptionally reader-friendly and makes excellent use of direct hyperlinks for accessing more detailed information.
- Results are included for all but one performance goal. Estimated data are clearly disclosed.
- Report utilizes a thorough and informative presentation of program results, trends, and future plans.

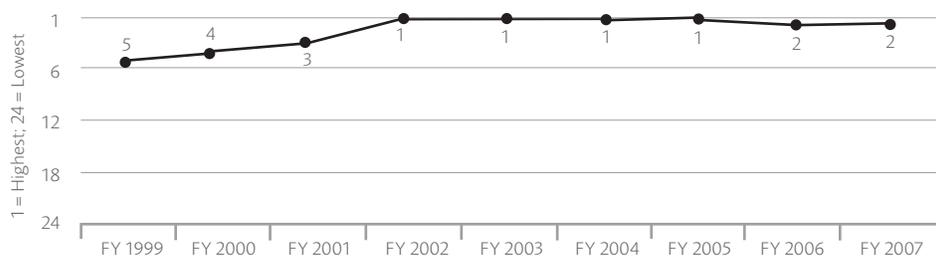
Public Benefits (B)

- All four strategic goals and the vast majority of performance goals are strongly outcome-oriented.
- Performance measures are highly outcome-oriented overall, with the exception of some activity and efficiency-based measures under the second strategic goal.
- Strong performance metrics do an excellent job of demonstrating public benefits.
- Report links costs to all strategic and performance goals, as well as many individual performance measures.

Leadership (L)

- Transmittal letter could highlight more specific results.
- Report discloses shortfalls, for which it consistently provides explanations and outlines plans for improvement.
- System of classifying goals as “substantially achieved” even if 20 percent of measures were missed appears arbitrary, particularly since some measures may be more significant than others.
- Department’s “traffic light” self-assessment of progress on major management challenges is specific and informative. The inspector general’s presentation could benefit from a similar system.

RANKING HISTORY



DEPARTMENT OF VETERANS AFFAIRS



Transparency (T)

- Home page has a direct although not very prominent link to the report. Report is downloadable in single or multiple files.
- Though extremely lengthy, the report is well-formatted and has many excellent presentational features.
- The accompanying highlights document is quite valuable for a lay reader, incorporating many of the best features of the full report into a much shorter document.
- Report includes FY 2007 results for all 23 key measures, but lacks results for about 19 percent of the non-key measures.
- Trend data indicate that the department sets challenging performance targets relative to past performance.

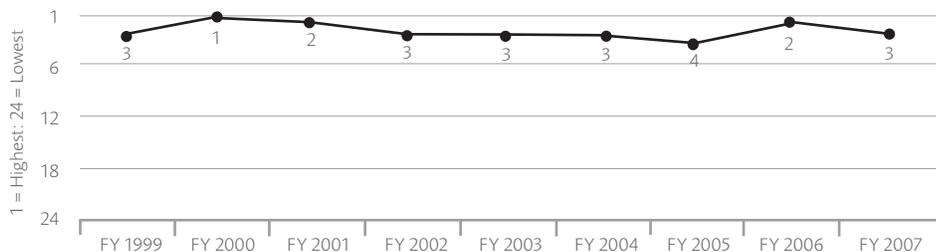
Public Benefits (B)

- All but one of the programmatic strategic goals are stated as outcomes.
- Although most are clearly relevant and useful for the department's mission the outcome orientation of the performance measures could be enhanced.
- Report allocates costs to all strategic goals and measures and to four (one more than last year) of the key performance measures.

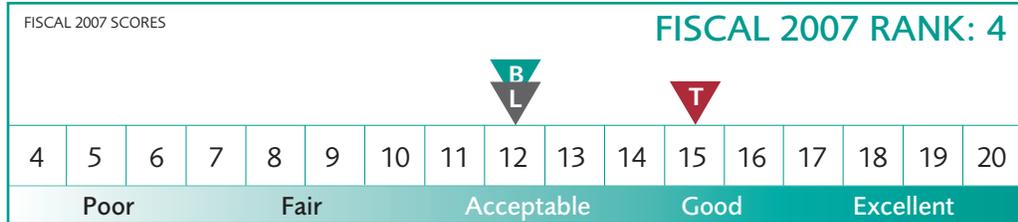
Leadership (L)

- Excellent narratives, backed up with generally strong performance metrics, describe the department's results.
- Though explanations for some shortfalls could be improved the report clearly discloses performance shortfalls.
- Discussion of major management challenges is very detailed and substantive.
- Report contains considerable detail on strategies for meeting the department's performance challenges.

RANKING HISTORY



NUCLEAR REGULATORY COMMISSION



Total Score: 39 (out of a possible 60)

Transparency (T)

- Agency has a prominent direct link to the report, which is downloadable in single or multiple files. No report-specific contact information was available.
- This visually appealing, concise report effectively uses tables and graphics to summarize and highlight information relevant to the agency's performance.
- FY 2007 results are included for all but two of the measures highlighted in the report.
- Report includes prior year data, but "pass/fail" nature of measures in several strategic goal areas provides limited insight into performance trends.

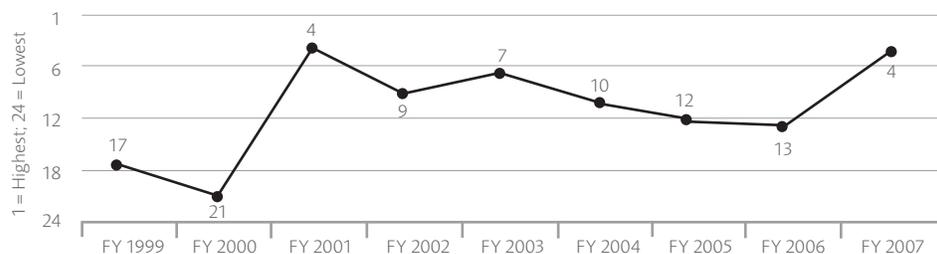
Public Benefits (B)

- Programmatic strategic goals and underlying objectives are clearly outcome-oriented. Operational strategic goals are mostly process-oriented.
- The safety and security performance measures are clear indicators of success for their applicable goals.
- Performance metrics would be strengthened with the addition of intermediate goals to provide a more nuanced view of performance.
- Report allocates cost only to safety and security strategic goals, but indicates the agency is working to improve cost management capabilities.

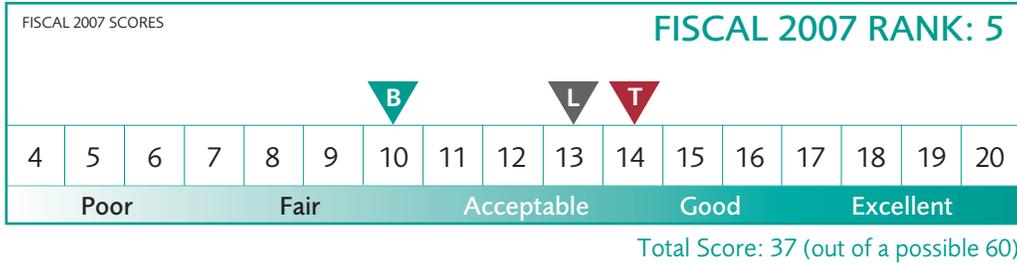
Leadership (L)

- Transmittal letter would be stronger if it highlighted specific accomplishments.
- Report explains performance shortfalls and provides at least general statements on remedial steps.
- Inspector general's presentation and agency response indicate significant attention to management challenges.
- Improvement strategies for both management and performance are included.

RANKING HISTORY



DEPARTMENT OF COMMERCE



Transparency (T)

- Home page does not have a direct link to the report, which is downloadable in a single file or multiple files. Only the hard copy of the report contains contact information.
- Report contains informative tables and graphs, as well as clear summaries of results under each strategic goal.
- Report provides detailed data sources and background for each performance measure.
- Tables indicate prior year targets and show whether these targets were met.

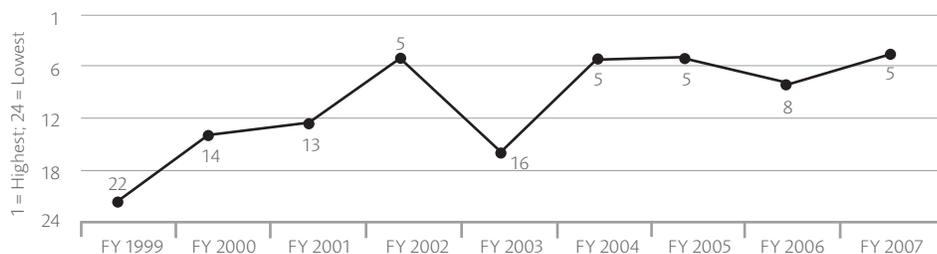
Public Benefits (B)

- Only one of the three strategic goals is outcome-oriented and about one-third of the programmatic performance goals capture either final outcomes or intermediate outcomes.
- Majority of performance measures are not outcome-oriented and instead are activity, efficiency, or customer service measures.
- Report relies on generally informative narratives to demonstrate accomplishments and benefits. Unfortunately, the performance metrics do not effectively demonstrate the department's contributions to important national results.
- Report allocates budget resources to all strategic goals and objectives, as well as to each performance goal.

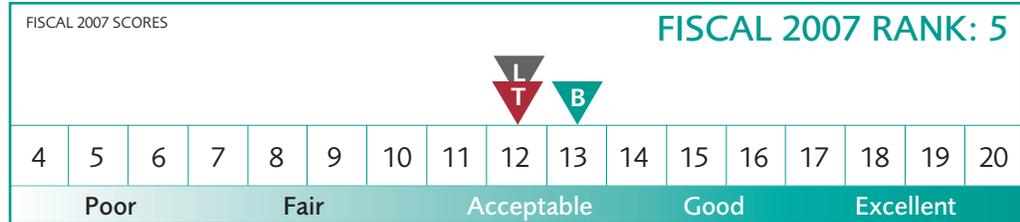
Leadership (L)

- Report clearly discloses performance results, including shortfalls with color-coded icons.
- Overall, the department's responses to the inspector general's management challenges are detailed and provide specific actions the department is taking.
- Report is rich in content outlining plans for addressing programmatic and management shortcomings.

RANKING HISTORY



DEPARTMENT OF HEALTH AND HUMAN SERVICES (PILOT)



Total Score: 37 (out of a possible 60)

Transparency (T)

- Home page has prominent link to highlights report. No report-specific contact information found.
- Reader-friendliness of additional source documents linked to from the highlights report varies.
- There are clear, concise narratives for the 40 key performance measures the report covers.
- Significant data lags, more severe than in prior years, impede performance reporting.
- Highlights report includes limited, inconsistent baseline and trend data.

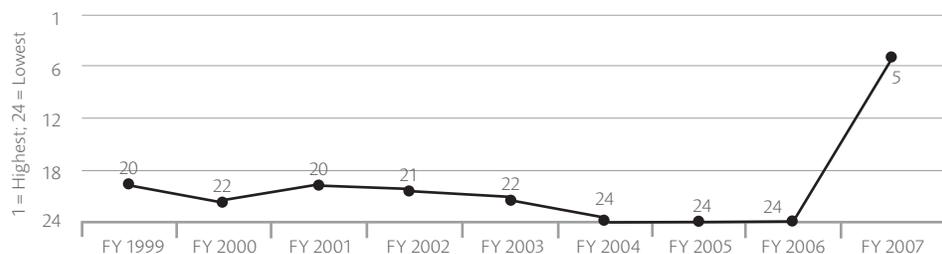
Public Benefits (B)

- New strategic goals and objectives are, on the whole, stronger and more outcome-oriented than their predecessors.
- About two-thirds of the 40 key measures clearly capture end or intermediate outcomes.
- Budget resources are linked to strategic goals and objectives.

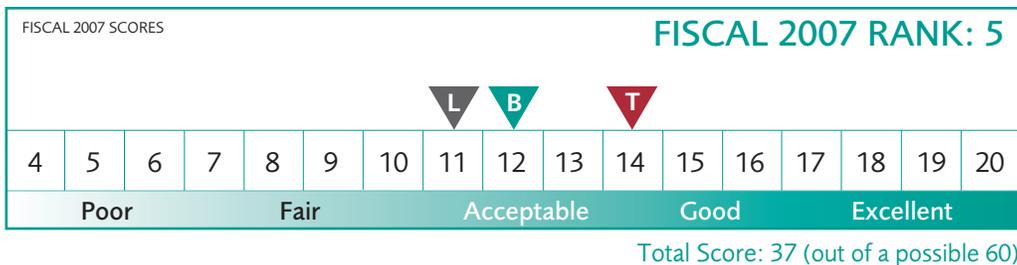
Leadership (L)

- Narratives throughout report effectively highlight performance results.
- Report narratives disclose performance shortfalls and present future improvement strategies.
- Department appears to be making significant progress on its management challenges.

RANKING HISTORY



DEPARTMENT OF HOMELAND SECURITY (PILOT)



Transparency (T)

- Home page has direct link to the highlights report, which is downloadable in a single file. This link also contains prior year reports.
- Well-formatted and reader-friendly highlights report focuses on a small group of key measures, but links to separate performance report for information on the remaining measures.
- Highlights report contains a brief assertion of data reliability, but includes a link to a thorough discussion of data sources and verification.
- Data are incomplete for a number of the department's measures.

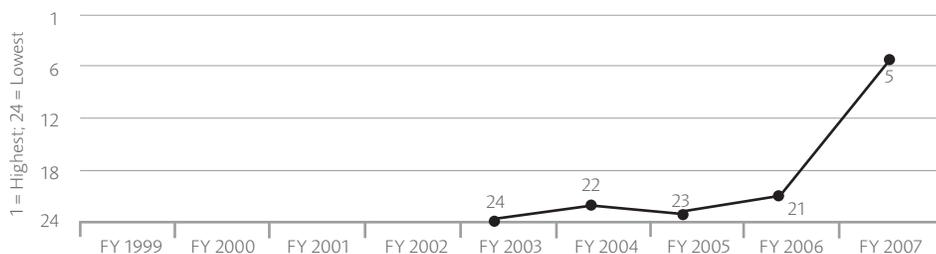
Public Benefits (B)

- New strategic goals and objectives are greatly improved in their outcome orientation.
- Five of the eight key measures described in the highlights report capture clear outcomes. Most of the remaining non-key measures are not outcomes.
- Narratives describe accomplishments well, but highlighting more measures would be helpful in backing these up.
- Budget resources are linked to strategic goals and objectives, as well as to program performance goals.

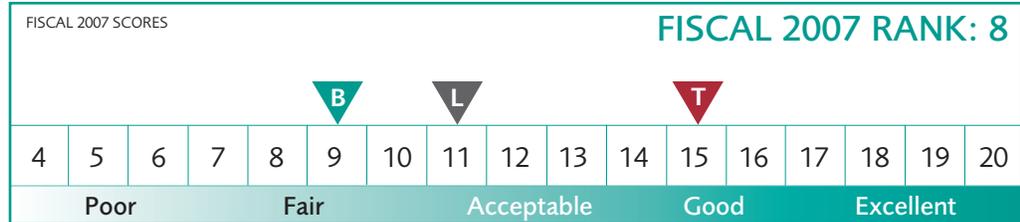
Leadership (L)

- Highlights report includes an explanation for the one missed key measure that it covers and provides additional analysis of performance at the performance goal level.
- The extensive content on major management challenges fails to provide clear insight into progress on individual challenges and when resolution is likely.
- The department does a solid job of describing improvement strategies.

RANKING HISTORY



DEPARTMENT OF JUSTICE



Total Score: 35 (out of a possible 60)

Transparency (T)

- Report is prominently linked to on the home page, but there is no report-specific contact information in either the online version or the hard copy.
- Though acronym-heavy, the report is succinct and generally reader friendly.
- Report focuses on a very manageable number of key measures. It is unclear if the department uses other GPRA-level performance measures.
- Excellent graphics and accompanying narratives present performance targets and results going back several years. Report also assesses progress toward long-term goals.

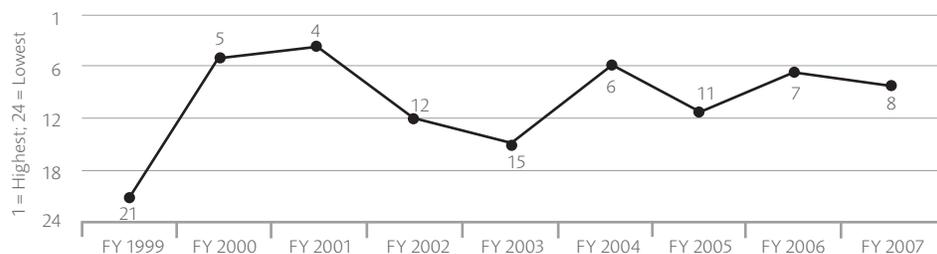
Public Benefits (B)

- Revised strategic goals and objectives are more outcome-oriented though greater specificity and precision would be helpful.
- Reliance on “pass/fail” metrics and expression of targets as raw numbers instead of percentages affords little basis for assessing annual progress.
- Report links budgetary resources to performance metrics only at the strategic goal level.

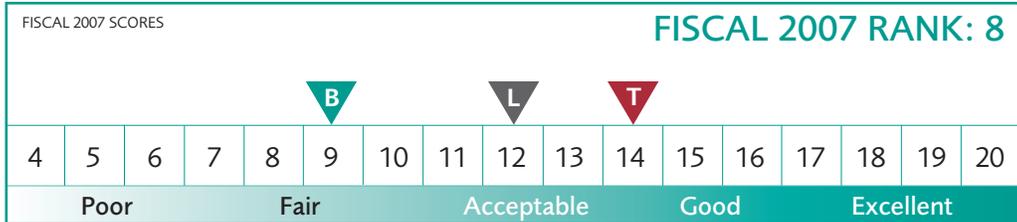
Leadership (L)

- Narratives throughout the report highlight the department’s missions and functions well for the public.
- Report clearly explains performance shortfalls, but does little to indicate how the department plans to address them.
- Inspector general’s presentation is thorough and specific, indicating significant progress on most management challenges.
- There is little forward-looking content in the report on performance-improvement strategies.

RANKING HISTORY



DEPARTMENT OF THE TREASURY



Total Score: 35 (out of a possible 60)

Transparency (T)

- Home page has a prominent link to the report, downloadable in single or multiple files, it also includes prior year reports.
- Report presents performance results in clear tables and concise narratives, but the explanation of performance metrics may confuse the lay reader.
- Discussion of efforts to improve data quality includes specific examples of the agency's progress.
- Thorough presentation of baseline and trend data, but technical nature of descriptions hampers readability.

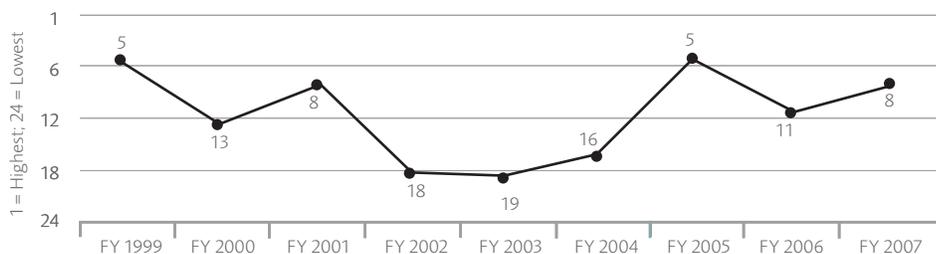
Public Benefits (B)

- The three strategic goals are stated as outcomes but could benefit from greater specificity. Most strategic objectives are also fairly outcome-oriented.
- Vast majority of the 73 key measures address outputs and efficiencies rather than real outcomes.
- Weak performance metrics limit the ability to demonstrate accomplishments in an outcome-oriented way.
- Report allocates costs only to strategic goals and "outcomes."

Leadership (L)

- Report clearly discloses performance shortfalls, though some of the explanations are difficult to understand.
- Discussion of major management challenges suggests credible steps are being taken to address them.
- Report includes brief, but adequate, narratives describing future programmatic and management improvements.

RANKING HISTORY



GENERAL SERVICES ADMINISTRATION



Total Score: 34 (out of a possible 60)

Transparency (T)

- Link on home page leads to current year report and several previous years. There is no report-specific contact information online; this information was in the hard copy.
- Report focuses on 17 key measures, presenting these measures and their FY 2007 results concisely. No results are included in report for non-key measures.
- Report does not specifically address inspector general's concern over problems with data integrity.
- Report provides prior year targets and results for all performance measures.

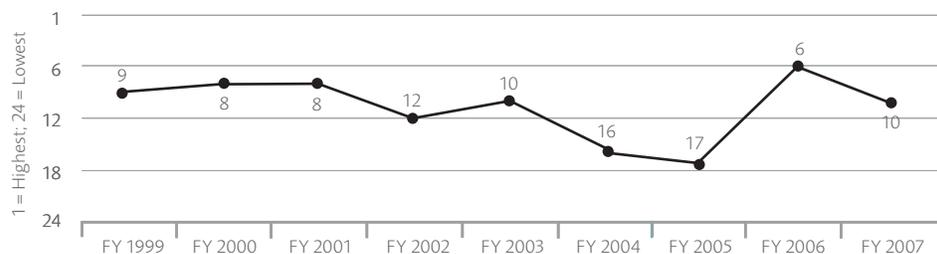
Public Benefits (B)

- Strategic goals are reasonably outcome-oriented, particularly the first and third goals.
- The performance measures are largely activity- or efficiency-based, though some are outcome-oriented.
- Absence of FY 2007 results for non-key measures limits agency's ability to link actions with results.
- Table links budget costs down to most performance measures.

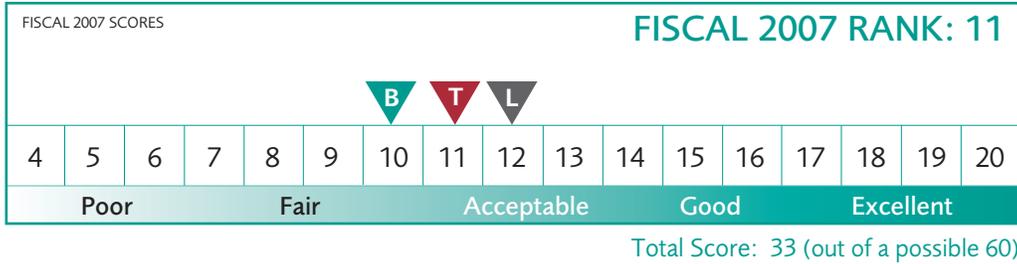
Leadership (L)

- Examples of specific accomplishments would improve the report's narratives.
- Neither the inspector general nor the agency management provides enough specifics to instill confidence that the agency is addressing challenges.
- Report is extremely lacking in discussion of improvement strategies.

RANKING HISTORY



DEPARTMENT OF AGRICULTURE



Transparency (T)

- Home page includes a direct link to the report. No contact information is found in either online version or hard copy.
- It is a visually appealing presentation, including generally informative tables and graphs.
- Report uses a manageable number of performance measures, but they are often expressed in complex terms.
- Report lacks data sources or detail on data verification and validation.
- The extent and usefulness of trend data vary depending on the nature of the measures.

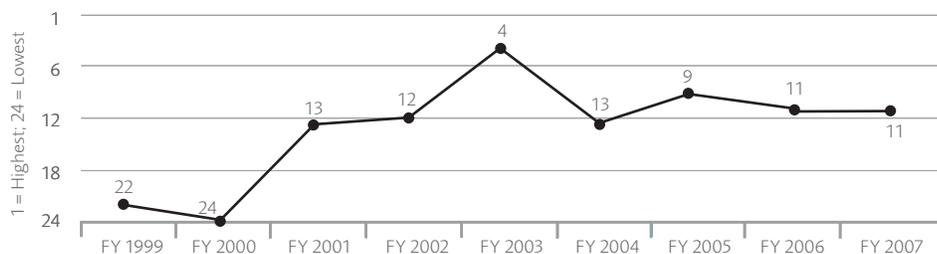
Public Benefits (B)

- All strategic goals are stated as outcomes, though at a high level of generality.
- The outcome orientation of the annual performance measures is mixed: some outcomes, some intermediate outcomes, and some output and efficiency measures.
- The linkage of resources to results does not extend beyond the strategic goal level.

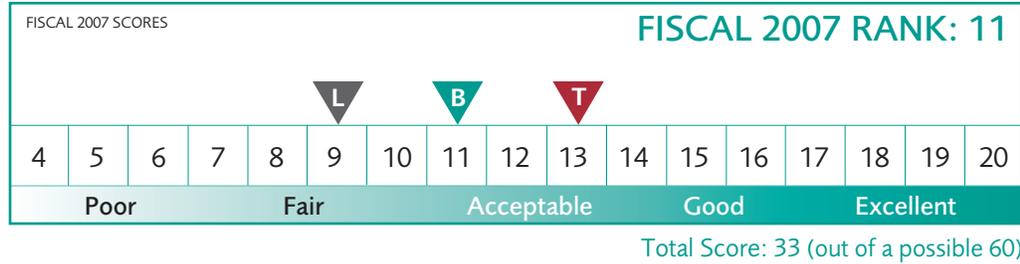
Leadership (L)

- Narratives include a number of specific examples of the department's accomplishments in relation to its missions.
- Report consistently offers some explanations for shortfalls, though what constitutes a shortfall is sometimes unclear, given that assessment metrics may, in some cases, cover a range above and below the target.
- Report gives considerable attention to management challenges, providing detailed responses to the inspector general's concerns.
- Discussion of improvements focuses more heavily on management issues than on programmatic shortfalls.

RANKING HISTORY



ENVIRONMENTAL PROTECTION AGENCY



Transparency (T)

- No home page link directly to report, though it can be found through the “About EPA” tab on the home page. Specific contact information available in both online and hard-copy versions.
- Report’s length, heavy acronym use, and technically-stated measures pose major readability challenges.
- Accompanying highlights document is a particularly useful, well-written tool for lay readers.
- Report indicates that the agency continues to face serious data challenges, which greatly hamper adequate performance reporting.

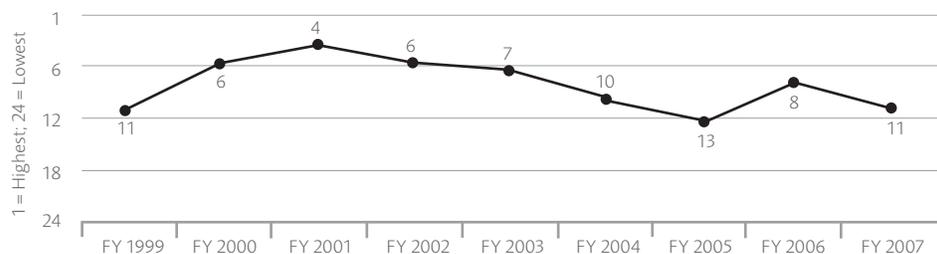
Public Benefits (B)

- Strategic goals capture high-level outcomes. Some of the strategic objectives are too vague or abbreviated to determine their outcome orientation.
- Most performance measures under the first two strategic goals are relatively outcome-oriented; however, the majority of measures remain highly technical.
- Secretary’s transmittal letter and narratives in the performance section describe agency accomplishments in a way that can resonate with the public.
- Report links budget resources to strategic goals and objectives and to specific programs, but not to annual performance goals or measures.

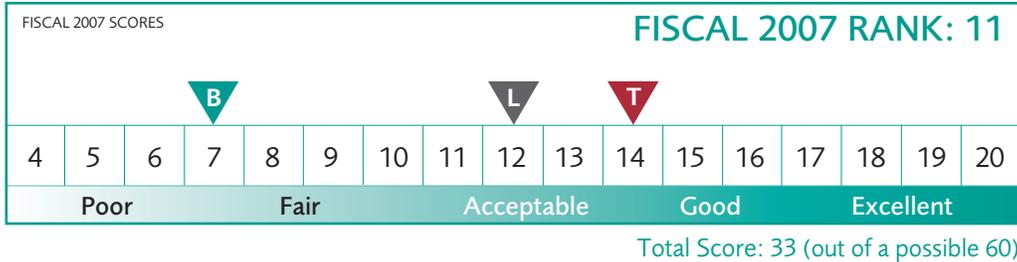
Leadership (L)

- Explanations for performance shortfalls are not very informative and sometimes lack specific reasons.
- Omission of the original inspector general’s presentation on management challenges raises a red flag in terms of whether any other content has been left out.
- There is little content on planned strategies to address either management or programmatic challenges beyond a general focus on progress.

RANKING HISTORY



SOCIAL SECURITY ADMINISTRATION



Transparency (T)

- Home page has a prominent link to the report, and the link also produces all prior year versions.
- Well-organized report includes reader-friendly tables, such as one highlighting the agency's key performance results.
- Audits determined that data weaknesses affect some performance measures. It appears the agency is working to correct these issues.
- Report shows whether goals were met in prior years, but does not specify those goals.

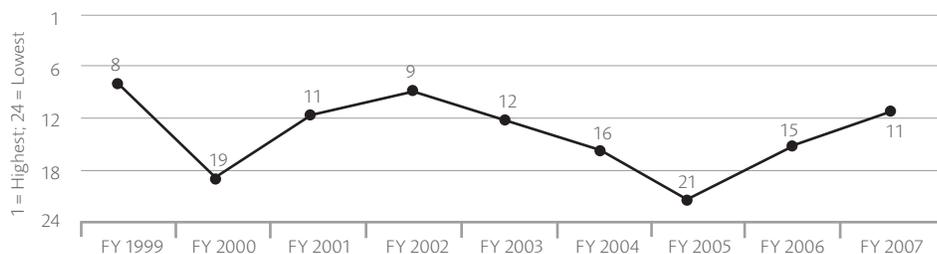
Public Benefits (B)

- Most strategic goals do not capture measurable outcomes; the underlying strategic objectives are more specific.
- Few of the agency's 38 performance measures are outcome measures.
- Cost allocation is only to the strategic goal level though the report hints at developing tools for improving cost management.

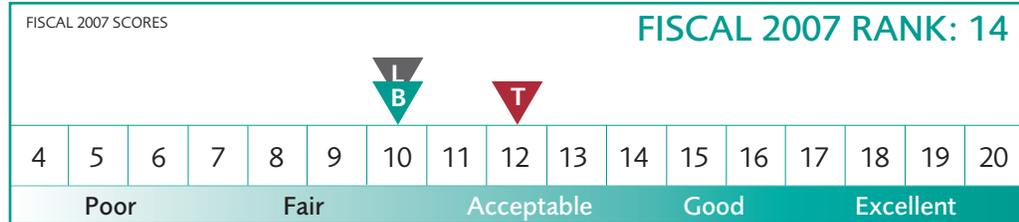
Leadership (L)

- Narratives focus primarily on administrative challenges rather than the importance and public benefit of the agency's programs.
- Report clearly discloses shortfalls and generally includes an explanation and outline of improvement strategies.
- Report evidences forward-looking leadership and a commitment to performance improvement.

RANKING HISTORY



U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT (PILOT)



Total Score: 32 (out of a possible 60)

Transparency (T)

- There is a prominent, direct link to the highlights report on the home page; contact information is included in the hard copy.
- This visually appealing report is easy to read and focuses on a manageable number of “illustrative” measures.
- There is no discussion of data sources or other background; results for two measures appear to be missing due to data unavailability.
- Many measures are baselines for FY 2007 and thus lack prior year data.

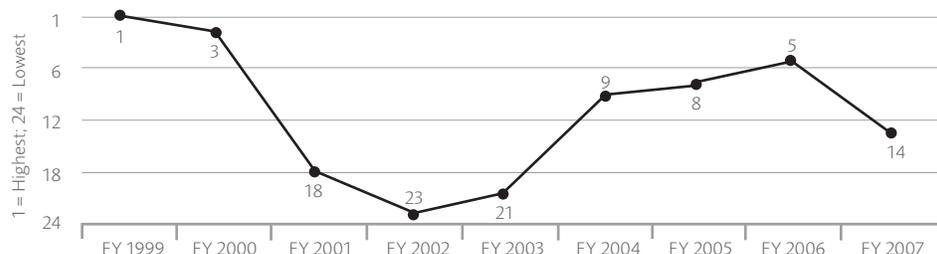
Public Benefits (B)

- New strategic goals are less results-oriented than in prior years; most are stated in high-level, vague terms with little indication of measurable outcomes.
- About one-third of the illustrative measures captures intermediate or end outcomes.
- Report links budget resources only to the strategic goal level.

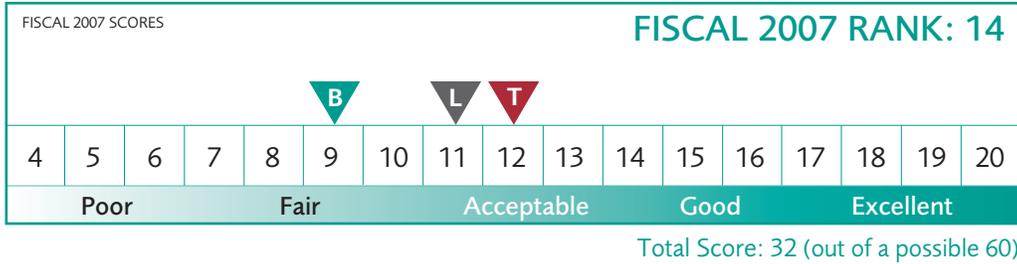
Leadership (L)

- Narratives throughout the report could do a better job of highlighting the agency’s program performance and substantive accomplishments.
- System of categorizing results as “on target,” even if performance was short of the target by nearly 10 percent, raises a red flag.
- Inspector general’s presentation indicates the agency is making good progress on many management challenges.
- There is little content on changes to improve program performance.

RANKING HISTORY



DEPARTMENT OF EDUCATION



Transparency (T)

- Home page does not link directly to report; the online version is downloadable in single or multiple files.
- Report is concise and generally reader-friendly despite heavy acronym use.
- Significant data lags impede performance reporting though the report discusses continuing efforts to improve data timeliness and accuracy. Report shows results for very few FY 2007 measures.
- Major gaps in trend data and frequently changing measures limit the reader's ability to assess progress over time.

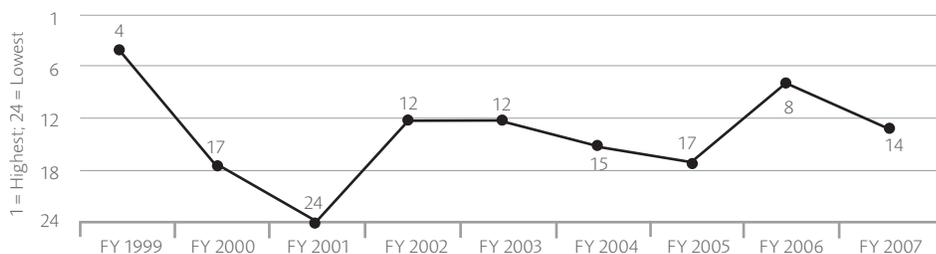
Public Benefits (B)

- Three of the five programmatic strategic goals are outcomes.
- Most of the performance measures capture either intermediate or end outcomes with the exception of some of the measures under the first and fifth strategic goals.
- Narratives describing accomplishments and trends over time compensate somewhat for the lack of specific performance results.
- Report allocates costs to four of its strategic goals, but there is no budget linkage below the strategic goal level.

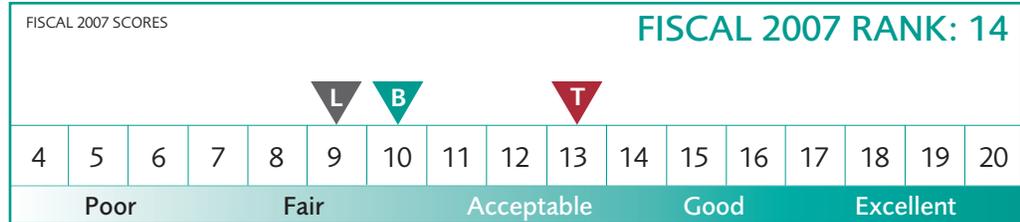
Leadership (L)

- Report clearly displays shortfalls for the few performance measures that have results, but could improve some of the explanations through greater specificity.
- System of combining missed results under the category of "less than target or prior year level" is ambiguous.
- Inspector general's presentation indicates progress, but does not explain the nature and extent of some challenges.
- Report includes useful narratives on strategies for meeting future challenges.

RANKING HISTORY



DEPARTMENT OF INTERIOR



Total Score: 32 (out of a possible 60)

Transparency (T)

- Home page does not have a link to the report. There is no online report-specific contact information, though this was included in the hard copy.
- The report is thoughtful and substantive and uses a manageable number of performance measures. Moreover, a visually appealing highlights document adds value for the lay reader.
- Report describes data validation and verification and provides a data source for each measure.
- Report includes generally detailed baseline and trend information, but omits FY 2007 targets for “representative” measures.

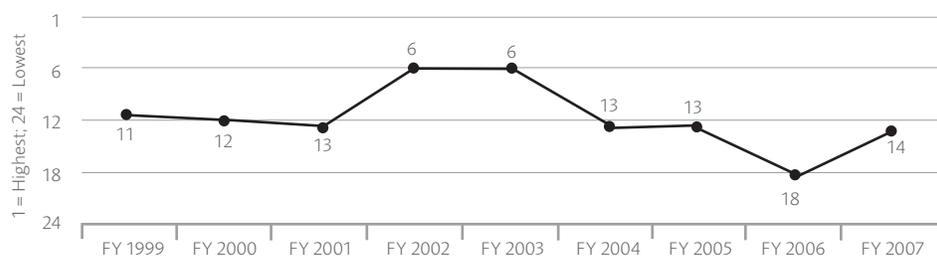
Public Benefits (B)

- Only one-third of the strategic goals are outcome-oriented.
- More than half the representative measures are stated as outcomes.
- Report uses an innovative approach to link costs to the 26 representative performance measures. There is no cost information for the remaining performance goals or measures.

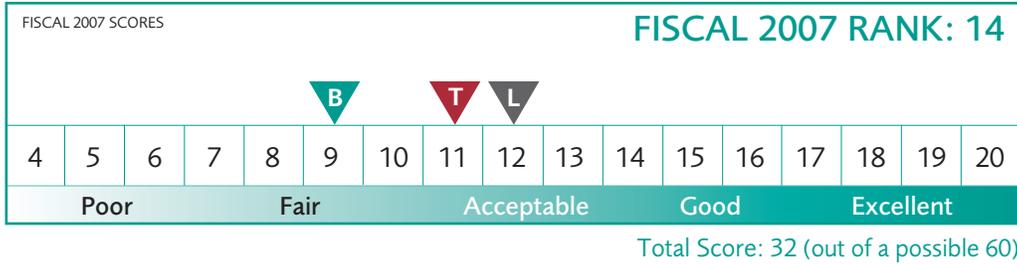
Leadership (L)

- Narratives effectively describe the department’s achievements, but should be backed up by stronger performance metrics.
- Classification of performance results as “goal met” if reported result ranges from 95 to 105 percent of the target is not entirely straightforward.
- Report consistently explains shortfalls but does not always include planned corrective steps for missed measures.
- There is little content on progress on major management challenges or future performance improvement strategies.

RANKING HISTORY



NATIONAL AERONAUTICS AND SPACE ADMINISTRATION (PILOT)



Transparency (T)

- Home page links to highlights report; no contact information available either online or in hard copy.
- Report focuses on agency's high-level performance metrics and provides a hyperlink to a separate performance report for more detailed information on performance measures.
- Highlights report has no content on data sources; the agency received a disclaimer of opinion on its FY 2007 financial statements.
- Baseline and trend data are limited. Specific prior year targets and results are not included.

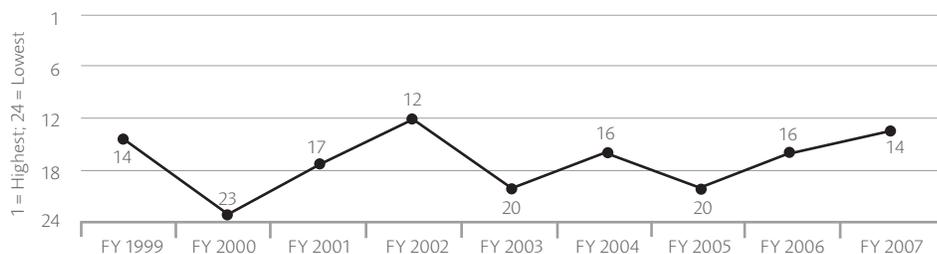
Public Benefits (B)

- Several strategic goals could be considered outcomes, but most goals and underlying objectives deal with activities.
- Very few of the 100-plus performance measures are outcome-oriented.
- Highly technical nature of most measures, as well as weak outcome orientation, limits ability to demonstrate benefits to the public.
- Report links costs to strategic goals and their objectives.

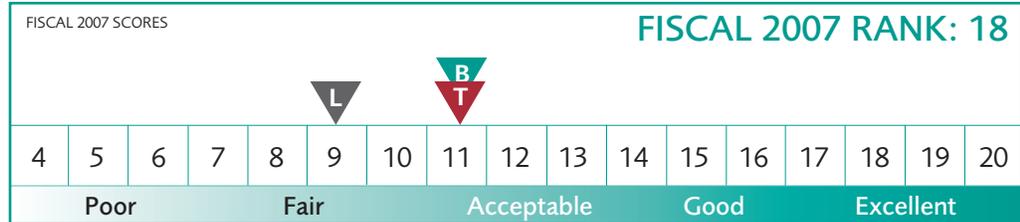
Leadership (L)

- Shortfalls are clearly disclosed and include comprehensive explanations.
- Highlights report gives little attention to management challenges; the inspector general's presentation is neither included nor referenced.
- Transmittal letter and other narratives describe key future challenges and how the agency plans to address them.

RANKING HISTORY



DEPARTMENT OF ENERGY (PILOT)



Total Score: 31 (out of a possible 60)

Transparency (T)

- Home page has two clear links to highlights report. Hard copy of report provides contact information.
- Generally well-formatted report has a few readability challenges, such as some tables in very small type and instances of unexplained scientific jargon.
- Highlights report does not elaborate on data quality, nor does it provide an alternate source for data.
- While the highlights report does not contain specific performance results, it does reference the separate annual performance report, which contains this information as well as trend data.

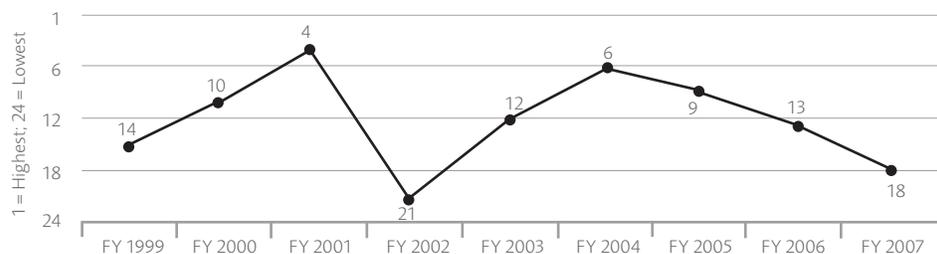
Public Benefits (B)

- Department has improved strategic goals and objectives, most of which now capture clear outcomes although some remain general.
- Most measures described in the referenced performance report do not address outcomes.
- Costs linked to strategic goals and annual performance goals.

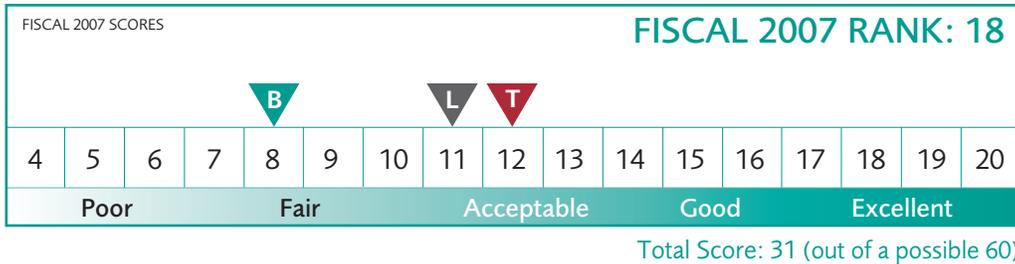
Leadership (L)

- Secretary's transmittal letter and other narratives effectively elaborate on the department's important accomplishments.
- Highlights report discusses aggregate shortfalls for each strategic goal area, without specifying which measures were missed.
- Highlights document summarizes management challenges and provides a link to the financial report for more information. The link does not specifically identify the inspector general's presentation.
- There is little content on the agency's plans for future improvement and the performance report limits its discussion of improvement strategies to missed measures.

RANKING HISTORY



DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT



Transparency (T)

- Home page has direct link to the report, which is downloadable in a single or in multiple files.
- Long, text-heavy report poses readability challenges, but the accompanying highlights document is much more reader-friendly and greatly mitigates these problems.
- The department faces significant deficiencies in the availability and accuracy of data.
- Report lacks annual targets for some key measures, and it is unclear how the department determines the targets that are included.

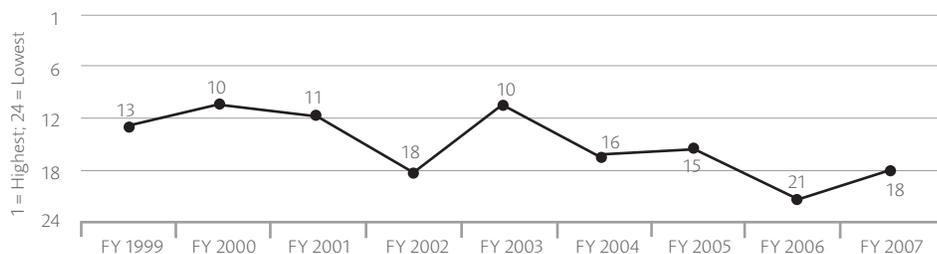
Public Benefits (B)

- Two of the three programmatic strategic goals and one of the three cross-cutting strategic goals are clearly stated as outcomes. Many of the strategic objectives are also outcome-oriented.
- Most of the performance measures are activity or efficiency measures, rather than outcomes.
- Costs are specifically linked to performance metrics only at the strategic goal level.

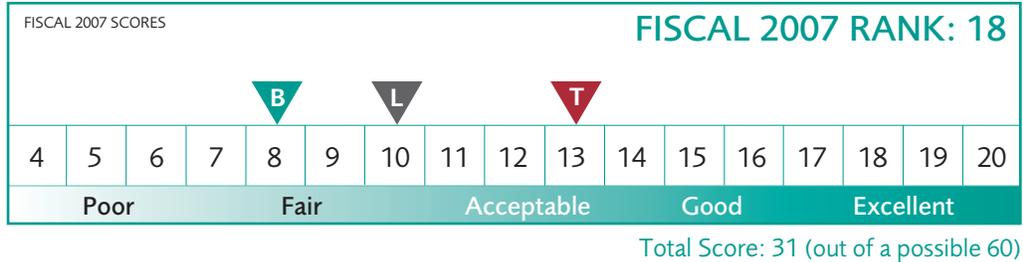
Leadership (L)

- Secretary's transmittal letter and other narratives describe a number of specific accomplishments, but are backed up by weak performance metrics overall.
- Report clearly discloses performance shortfalls and includes general explanations for them.
- Inspector general's presentation provides a limited assessment of progress, but does credit the department with some key management-improvement accomplishments in FY 2007.
- Report includes adequate discussion of future improvement strategies on the management side, but lacks evidence of forward-thinking to enhance performance.

RANKING HISTORY



NATIONAL SCIENCE FOUNDATION (PILOT)



Transparency (T)

- Home page has direct link to the highlights report, which is downloadable in a single or in multiple files.
- Generally reader-friendly report includes helpful summaries of project results and web links to more information.
- Highlights report includes “results”—in the form of ratings—for all strategic and annual goals.
- Use of qualitative rather than quantitative system to measure performance makes it difficult for the reader to assess the agency’s progress.

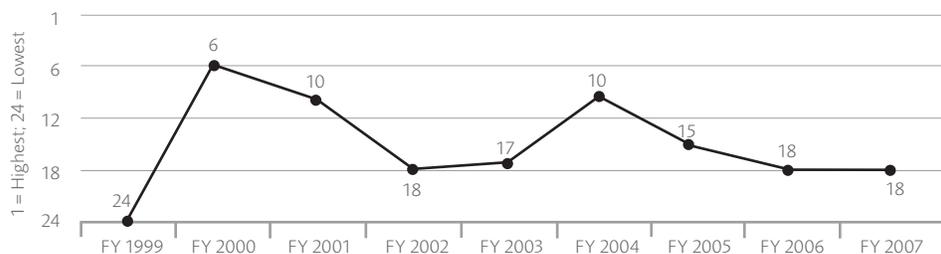
Public Benefits (B)

- Strategic goals relate to outcomes at a very general level.
- “Milestones” under strategic goals deal with activities and processes, not outcomes.
- Specific examples in narratives give the reader a sense of the agency’s accomplishments, but the agency’s performance metrics do not demonstrate results.
- Highlights report allocates costs only at the strategic goal level.

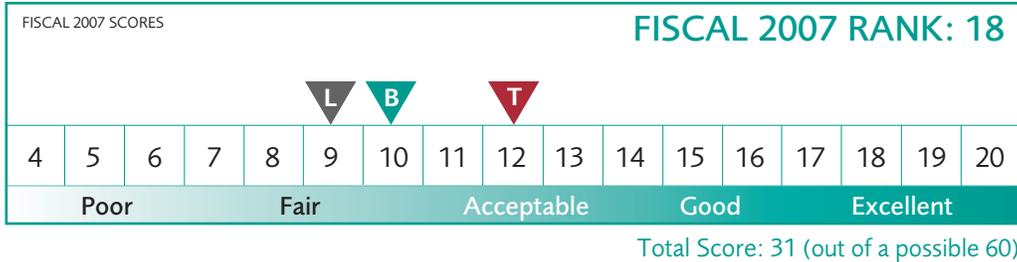
Leadership (L)

- Highlights report indicates only one performance shortfall, but does not explain reasons for it or provide any specific remedial steps.
- Inspector general’s presentation and agency’s response indicate progress on most issues.
- Highlights report has little insightful content on improvement strategies.

RANKING HISTORY



DEPARTMENT OF STATE (PILOT)



Transparency (T)

- Home page has a direct link to the report although not very prominent. Highlights report is downloadable in a single file and contact information is included in the hard copy.
- Report is visually appealing, but conveys little substantive information to help the reader understand the department's performance.
- There is no background information on performance data; moreover, the department received a disclaimer of opinion on its financial statements.
- Very little prior year or trend data although future performance targets are included.

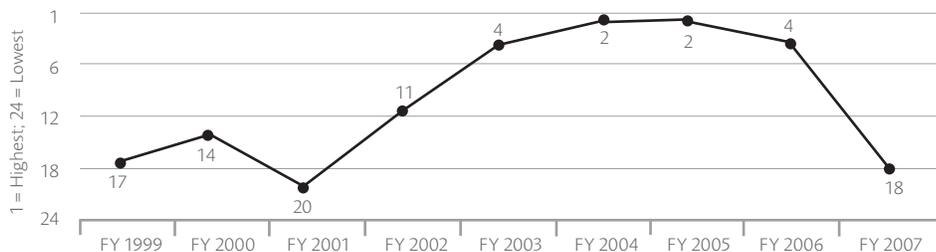
Public Benefits (B)

- Outcome orientation of revised strategic goals could be improved; most are vague.
- About one-third of the illustrative performance measures capture measurable outcomes.
- Report allocates costs only at strategic goal level.

Leadership (L)

- Narratives provide some insight into the department's mission, but could be improved in terms of illustrating substantive accomplishments.
- Classification of results as "on target," even if performance was nearly 10 percent short of the target, is misleading.
- Inspector general's presentation indicates the department has progressed on some issues, but not others.
- Report includes brief descriptions of actions to address management challenges, but has little content on strategies to improve program performance.

RANKING HISTORY



OFFICE OF PERSONNEL MANAGEMENT



Total Score: 27 (out of a possible 60)

Transparency (T)

- Prominent link on home page produces FY 2007 report, as well as all prior years. No report-specific contact information online.
- Reader-friendly tables concisely summarize the agency's goals, measures, and performance results.
- Fiscal year results are included for all but one of the performance measures the report covers. Data sources and background information can be found in the appendix.
- Limited prior year data due to recent origin of many measures.

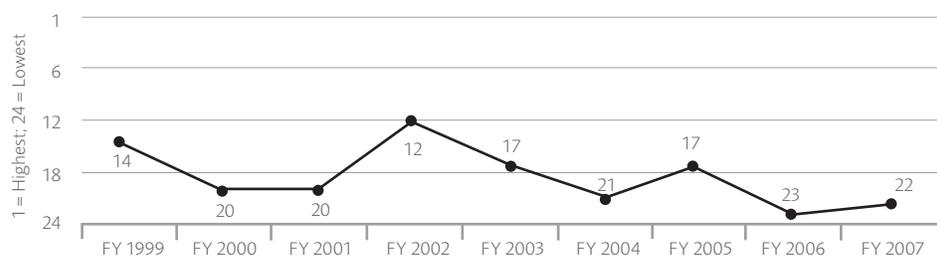
Public Benefits (B)

- None of the seven strategic objectives captures outcomes.
- Only about 20 percent of the performance goals could be considered outcome-oriented.
- Overall, performance metrics and narratives do little to show whether or how well the agency is achieving its mission.
- No cost allocations below the strategic objectives.

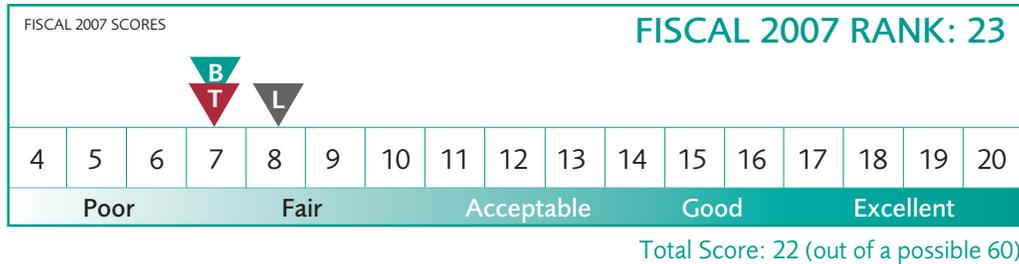
Leadership (L)

- Shortfalls are highlighted aggregately; the performance section does not clearly detail shortfalls for individual measures.
- Inspector general's presentation fails to clearly and systematically assess progress on management challenges. There is no specific agency response to the inspector general's presentation.
- Report contains general and limited discussions of planned improvement strategies.

RANKING HISTORY



SMALL BUSINESS ADMINISTRATION (PILOT)



Transparency (T)

- The FY 2007 highlights report was not posted to Web site as of February 8, 2008, one week after the OMB and Mercatus deadline.
- Highlights report is easy to read, but includes little substantive information about the agency's performance.
- Transmittal letter makes no reference to data completeness and reliability; data sources and background information are not provided for performance results.
- Highlights report contains no information on prior year measures, targets, or results.
- Reader is directed to accompanying compact disc for more information, but it is difficult to navigate through the files.

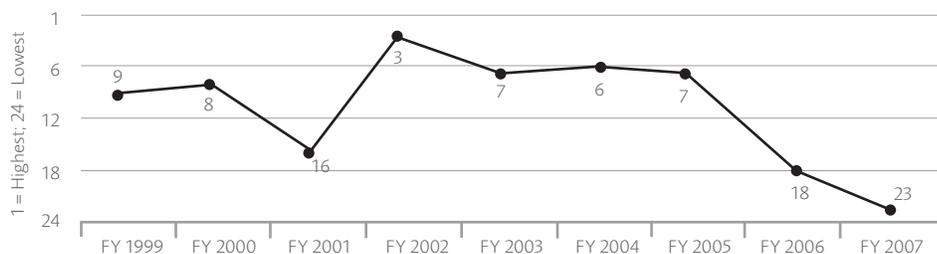
Public Benefits (B)

- The three programmatic strategic goals capture very broad outcomes; five of the seven underlying strategic objectives focus on either intermediate or end outcomes.
- Only about half of the performance measures could be classified as outcomes.
- Report provides no specific results for goals, nor are there any narratives highlighting particular accomplishments.
- Cost allocation does not go below the strategic goal level.

Leadership (L)

- There are no explanations of performance shortfalls.
- The inspector general's presentation, as in past years, is very informative, relying on a color-coded system to identify agency status and specific remaining actions on challenges.
- Report lacks any content on future improvement strategies.

RANKING HISTORY



DEPARTMENT OF DEFENSE (PILOT)



Total Score: 17 (out of a possible 60)

Transparency (T)

- Highlights report not found on agency Web site until well after the deadline.
- Meaningful information on department's FY 2007 performance is lacking as the document covers mostly financial and accounting matters.
- Highlights report does not assess data sources or quality, and, as in past years, the agency continues to have a disclaimer of opinion on its financial statements.
- No baseline or trend data are included.

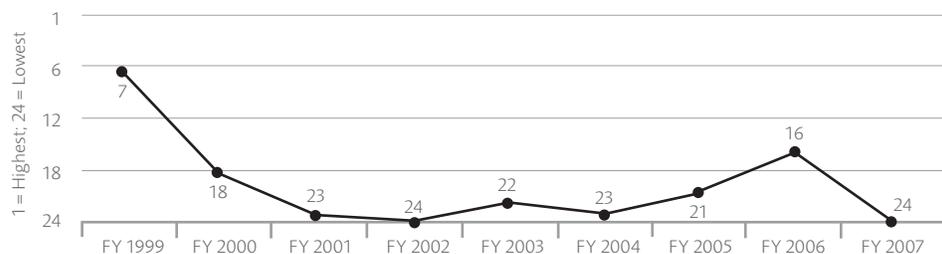
Public Benefits (B)

- None of the strategic goals and very few of the objectives are stated as outcomes.
- There is no content describing performance measures or their results; only aggregate totals for measures met and missed are provided.
- Highlights report does not link budgetary resources to results.

Leadership (L)

- Narratives lack specifics on the department's accomplishments.
- There are no explanations for performance shortfalls.
- The document contains a direct link to the department's financial report for information on the inspector general's presentation of major management challenges, which is well-formatted and generally informative.
- There is no substantive content on improvement strategies, whether programmatic or managerial.

RANKING HISTORY



RESEARCH TEAM AND PROJECT DESIGN

THE SCORECARD PROJECT is headed by the Hon. Maurice McTigue, QSO, director of the Government Accountability Project and a distinguished visiting scholar at the Mercatus Center at George Mason University, and Dr. Jerry Ellig, a senior research fellow at the Mercatus Center.

Dr. Tyler Cowen, the Mercatus Center's general director, served as advisory director for the study. A three-member professional research team with extensive government experience completed all report review and analysis. An 11-member advisory panel, made up of experts in public management, former federal performance managers, corporate strategists, and communications experts, reviewed our evaluations and analysis.

PROJECT MANAGEMENT

Ms. Heather Hambleton

*Program Associate, Government Accountability Project
Mercatus Center at George Mason University*

ADVISORY PANEL

Jonathan D. Breul

*IBM Global Business Services
Washington, DC*

JONATHAN D. BREUL is currently a partner in IBM Global Business Services and executive director of IBM's Center for the Business of Government. He is a widely recognized expert on the policy and practice of improving government management and performance.

Formerly senior advisor to the deputy director for management in the White House Office of Management and Budget, Mr. Breul was OMB's senior career executive with primary responsibility for government-wide general management policies. He helped develop the President's Management Agenda, was instrumental in establishing the President's Management Council, and championed efforts to integrate performance information with the budget process. He led the overall implementation of the Government Performance and Results Act. In addition to his OMB activities, he helped Senator John Glenn (D-Ohio) launch the Chief Financial Officers Act. Mr. Breul also served as the U.S. delegate and vice chair of the Organization for Economic Cooperation and Development's Public Management Committee.

Mr. Breul is a fellow and member of the board of trustees of the National Academy of Public Administration and an adjunct professor at Georgetown University's graduate Public Policy Institute. He holds a master's in public administration from Northeastern University and a bachelor of arts from Colby College.

Veronica Campbell

*Independent Consultant
Falls Church, Virginia*

VERONICA CAMPBELL currently consults on performance, financial management, and general management issues. She retired in 2003 after a 30 year career in the federal service, where she contributed to the effectiveness of programs operated by the Departments of Labor, Interior, and Agriculture. As the director of the Center for Program Planning and Results (CPPR), she managed the Department of Labor's (DOL) strategic planning and performance-based initiatives, working with DOL executives and a dedicated inter-agency committee to foster a results-driven organizational culture. Ms. Campbell joined the CPPR after serving on the DOL Year 2000 Project Management Team from 1998 to 2000.

Prior to her administrative experience, Ms. Campbell managed and performed program evaluations and audits for 25 years in the Offices of Inspectors General (OIG) of three federal agencies. She served as the first director of the Office of Evaluations and Inspections at the Department of Labor, OIG, from 1992 to 1998. In this capacity, she offered departmental clients a range of new consultative services with an emphasis on collaborative program evaluation. From 1987 to 1992, Ms. Campbell was the regional inspector general for audit for the Labor Department's New York and Boston regions. Her early audit career at the Department of Agriculture, from 1973 to 1982, developed Ms. Campbell's analytical skills as she recommended improvements to USDA's international programs and evaluated a wide array of domestic programs.

Ms. Campbell holds a bachelor of arts in history from Barat College.

Mortimer L. Downey, III

*PB Consult, Inc.
Washington, DC*

MORTIMER L. DOWNEY, III is chairman of PB Consult, Inc., a Parsons Brinckerhoff subsidiary providing advisory and management consulting services to public and private owners, developers, financiers, and builders of infrastructure projects worldwide.

Prior to joining PB Consult, Mr. Downey served eight years as U.S. deputy secretary of transportation, the longest serving individual in that post. As DOT's chief operating officer, he developed the agency's highly regarded strategic and performance plans. During this period he also served on the President's Management Council, chaired the National Science and Technology Council's Committee on Technology, and was a member of both the Trade Promotion Coordinating Council and the National Railroad Passenger Corporation (Amtrak) board of directors. In addition to his federal service, Mr. Downey has served as executive director and chief financial officer of the New York Metropolitan Transportation Authority and as a senior manager at the Port Authority of New York and New Jersey. His legislative experience includes service on the staff of the U.S. House of Representatives' Committee on the Budget.

Mr. Downey has received numerous professional awards, including election to the National Academy of Public Administration, where he has served as chairman of the board of directors. He earned a master's in public administration from New York University, a bachelor of arts in political science from Yale University, and

completed the Advanced Management Program at Harvard Business School. He has also served as an officer in the U.S. Coast Guard Reserve.

John Kamensky

*IBM Global Business Services
Washington, DC*

MR. JOHN KAMENSKY is an associate partner with IBM Global Business Services and a senior research fellow for the IBM Center for the Business of Government. During 24 years of public service, he had a significant role in helping pioneer the federal government's performance and results orientation. He is passionate about creating a government that is results-oriented, performance-based, and customer-driven.

Mr. Kamensky served eight years as deputy director of Vice President Gore's National Partnership for Reinventing Government. Previous to his White House position, he worked at the U.S. Government Accountability Office for 16 years where, as an assistant director, he played a key role in the development and passage of the Government Performance and Results Act (GPRA).

Mr. Kamensky is a fellow of the National Academy of Public Administration. He earned a master's degree in public affairs from the Lyndon B. Johnson School of Public Affairs at the University of Texas.

Thomas Kessler, DBA, CISA

*SiloSmashers
Fairfax, Virginia*

THOMAS KESSLER IS a SiloSmashers senior consultant. From 1983 to 1996, Dr. Kessler served as a manager at the Board of Governors of the Federal Reserve System. He frequently advised senior officials and provided recommendations for enhancing mission-critical business processes. Prior to joining the Federal Reserve, Dr. Kessler was employed at Westinghouse Electric Corporation's Manufacturing Systems and Technology Center and at the Maryland State Government's Judicial Information Systems.

Over the past several years, Dr. Kessler has trained and facilitated outcome-based performance measurement and planning sessions for many federal agencies, including the Departments of Labor, Treasury, Justice, Veterans Affairs, and Agriculture, as well as the Commodity Futures Trading Commission and the Federal Aviation Administration. He co-authored *The Business of Government: Strategy, Implementation, and Results* with Patricia Kelley and is a frequent speaker at professional conferences throughout the United States.

Dr. Kessler earned a doctor of business administration degree from Nova Southeastern University, has a master of business administration from University of Baltimore, and is a certified information systems auditor.

Sarah E. Nutter, PhD

Associate Professor of Accounting

George Mason University, School of Management, Fairfax, Virginia

SARAH NUTTER is an associate professor of accounting in George Mason University's School of Management. Prior to joining the George Mason University faculty in 1995, she worked as an economist at the Internal Revenue Service. Professor Nutter teaches a variety of courses in accounting and taxation in undergraduate, MBA, and executive MBA programs. She recently received the Outstanding Faculty Member teaching award from George Mason's executive MBA program.

Dr. Nutter's research interests include investigating the impact of changing decision rules on individual and business behavior. Her research focuses primarily on the impact of taxes and tax structures on individuals and businesses. She has written extensively and has published in the *Journal of the American Taxation Association*, *Journal of Accounting and Economics*, *Advances in Taxation*, and the *Statistics of Income Bulletin*. One of her articles won the 1998-99 American Taxation Association's Outstanding Manuscript Award.

Dr. Nutter earned a bachelor of science from Ferris State University and a master of business administration and PhD from Michigan State University.

John M. Palguta

Partnership for Public Service

Washington, DC

As vice president for policy and research at the Partnership for Public Service, JOHN PALGUTA is responsible for the development and implementation of a comprehensive program of research and analysis on human capital issues in the federal government.

Prior to joining the Partnership in December 2001, Mr. Palguta was a career member of the federal senior executive service as director of policy and evaluation for the U.S. Merit Systems Protection Board (MSPB), the culmination of a federal career spanning almost 34 years of progressively responsible experience in federal human resources management and public policy issues.

Mr. Palguta earned a bachelor of arts in sociology from California State University at Northridge and a master of public administration degree from the University of Southern California. He is active in a number of professional associations and is a fellow of the National Academy of Public Administration, vice chair of the Coalition for Effective Change, and a past president of the Federal Section of the International Public Management Association for Human Resources. He has published a number of articles on federal human resources management issues and is a frequent speaker at professional conferences and other forums. He is a recipient of MSPB's highest honor, the Theodore Roosevelt Award.

Paul L. Posner, PhD

*Department of Public and International Affairs
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PAUL L. POSNER is the director of the Public Administration Program at George Mason University. He has completed a career at the U.S. Government Accountability Office (GAO) where he served as managing director for federal budget and intergovernmental issues. He led GAO's work on the long term outlook for the federal budget and emerging challenges for public sector finances at federal, state, and local levels.

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MICHAEL D. SERLIN, previously a member of the Scorecard research team, is currently writing and consulting on public service change and participating in a number of volunteer activities after a 36-year federal career. He retired in 1994 from the U.S. Department of the Treasury's Financial Management Service. As an assistant commissioner, he directed innovations in electronic funds transfer and financial operations for the U.S. government and initiated entrepreneurial administrative support across agencies.

Mr. Serlin led the financial management team for the National Performance Review (Reinventing Government) Task Force, most of whose recommendations were incorporated in the Government Management Reform Act of 1994. Among other things, the law required audited financial statements for all major agencies and introduced franchising—competitive cross-servicing of agency administrative support.

A former senior executive service presidential rank award winner, Mr. Serlin is a principal with the Council for Excellence in Government; he has participated in its reviews of agency strategic performance draft plans. He has contributed frequent articles and research papers on entrepreneurial government, executive mobility, and other government change efforts to magazines and professional journals.

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At the Mercatus Center, Maurice McTigue shares with U.S. policymakers his practical experience and lessons

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