

# DO SOME AGENCIES HAVE INHERENT ADVANTAGES?

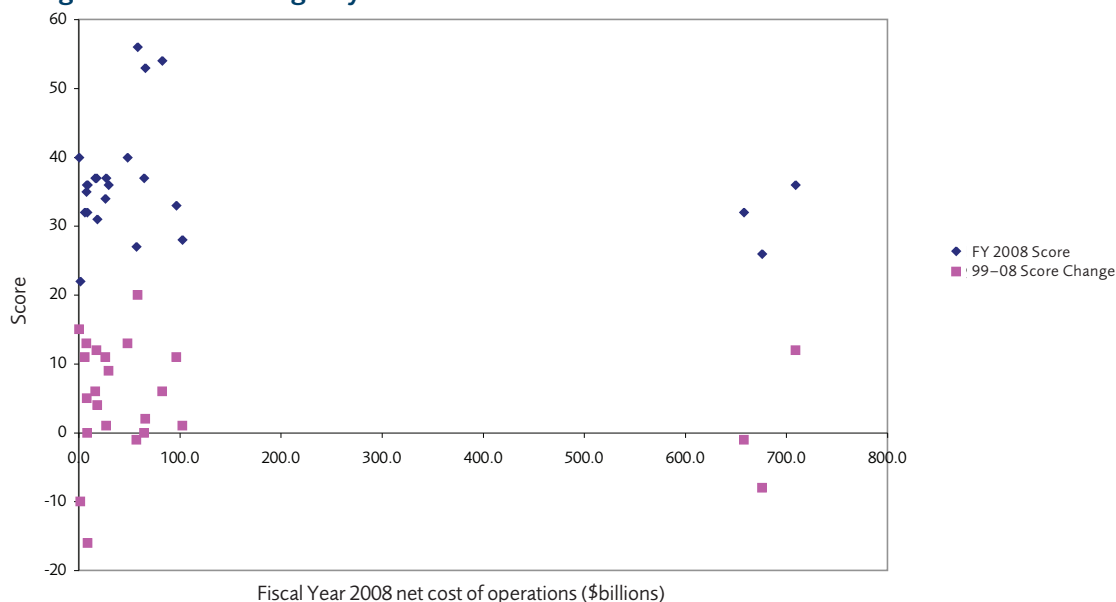
DIFFERENT FEDERAL AGENCIES of different sizes have different missions and utilize different means to achieve them. Do these differences make it easier for some agencies to identify and measure outcomes, report on results, and hence score well on our Scorecard?

Federal agencies that provide direct services to the public, such as Veterans Affairs or Social Security, might find it easier to define and gather data on outcomes than agencies that mainly make grants to states or other third parties, such as Education or Agriculture.<sup>17</sup> Larger agencies might produce better reports because they can afford to put more resources into performance measurement, or they might do worse because they have more programs and are inherently harder to manage due to their size. Ideology could also play a role. Critics suggest that GPRA has been used to advance a variety of ideological and partisan agendas and that performance measurement tilts attention toward “efficiency values” at the expense of “equity values.”<sup>18</sup> If either GPRA itself or the evaluation process in our Scorecard systematically disadvantages some agencies based on the ideological orientation of their missions or policies, we would certainly want to know.

The following figures test for agencies’ inherent advantages or disadvantages by comparing agency scores with various institutional characteristics that could potentially influence scores. Two sets of Scorecard data are used: the agencies’ fiscal year 2008 scores and the change in agency scores between fiscal year 1999 and fiscal year 2008. The former provides the most recent snapshot of report quality; the latter measures improvement during the past ten years.

Figure 6 plots scores and score changes against agency size, measured by the agency’s net cost of operations in fiscal year 2008. The points on the far right represent the three very large agencies: Defense, Social Security, and Health & Human Services. Their size does not seem to provide an advantage, as many smaller departments

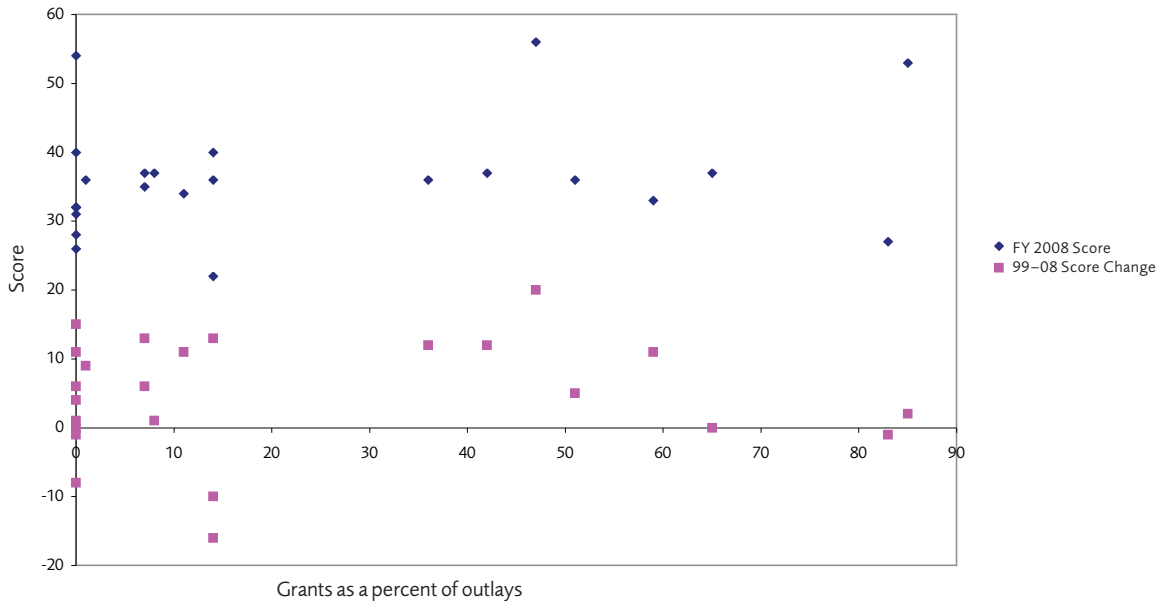
**Figure 6: Scores vs. Agency Size**



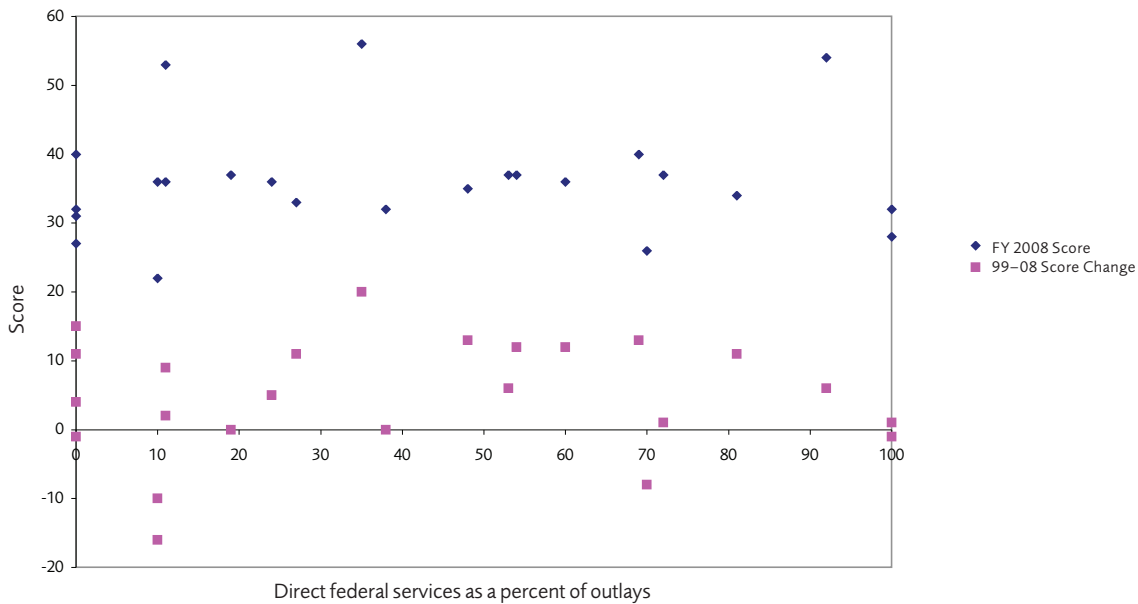
17. A prominent exponent of this view is Beryl Radin, *Challenging the Performance Movement* (Washington, DC: Georgetown University Press, 2006), 42–50.

18. See Radin, *Challenging the Performance Movement*, 91–114, 120–21, 189.

**Figure 7: Scores vs. Grants as a Percent of Outlays**



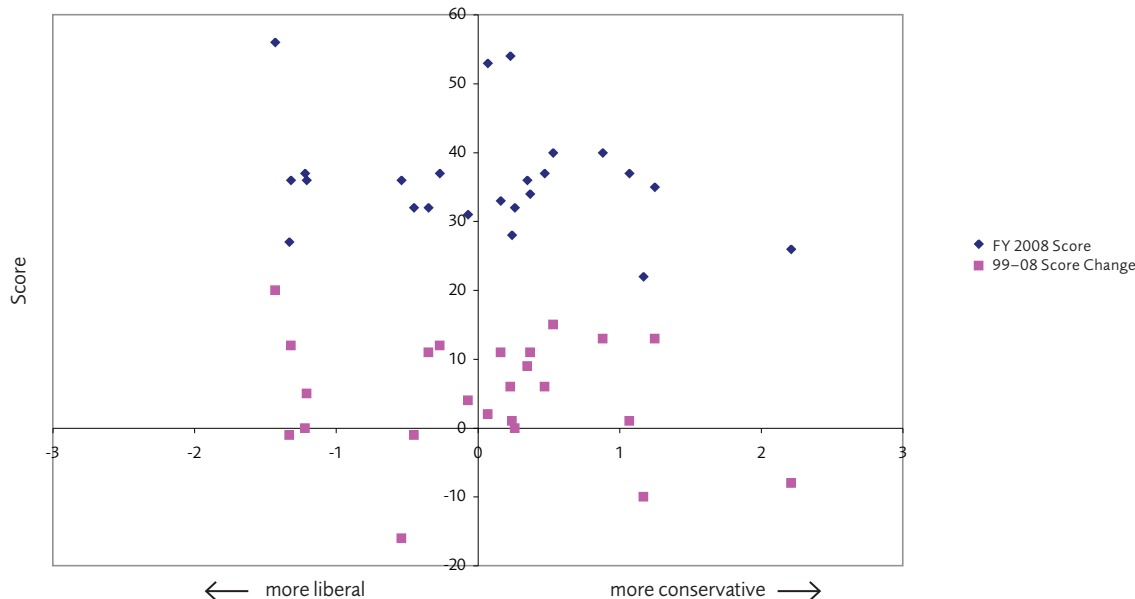
**Figure 8: Scores vs. Direct Federal Services as a Percent of Outlays**



scored much higher and improved at a faster rate. For the rest of the departments, however, there appears to be a weak positive relationship between size, fiscal year 2008 score, and the ten-year change in score. For departments with a net cost of operations below \$100 billion, a larger size might provide a slight advantage.

Figure 7 examines the relationship between scores and grants as a percentage of agency outlays. Agencies that make no grants, plotted on the vertical axis, have a wide range of scores and score improvements. For agencies

**Figure 9: Scores vs. Agency Ideology**



that make grants, there appears to be little relationship between the percentage of budget devoted to grants and the fiscal year 2008 Scorecard score or the ten-year score change. This suggests that either grant-making agencies have little inherent disadvantage in measuring and reporting on performance or that other factors provide offsetting benefits that counter any disadvantages they have.

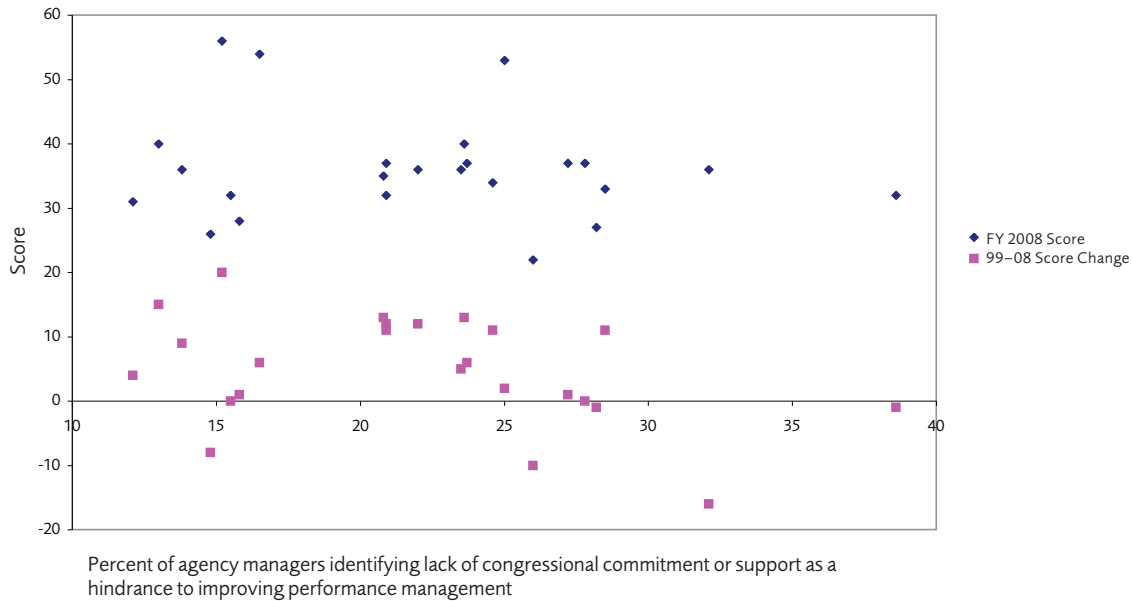
Figure 8 gets at a similar issue by plotting score data against the percentage of the agency’s budget spent on the direct provision of federal services. Agencies that provide services directly might arguably find performance measurement easier than agencies that have less control over the activities and outputs that produce outcomes. However, fiscal year 2008 scores and ten-year score improvements seem evenly scattered across the range of percentages, suggesting that agencies that provide more direct services have no tendency to score better.

One caveat is in order for figures 7, 8, and some of the subsequent graphs that seem to show no correlation between Scorecard score and other factors. There still may be some degree of correlation after controlling for other factors that influence scores, but graphing data on scores versus a single factor might not reveal this relationship. A two-dimensional graph that appears to show no relationship is really telling us that if there is a relationship, it is either not obvious or not simple.

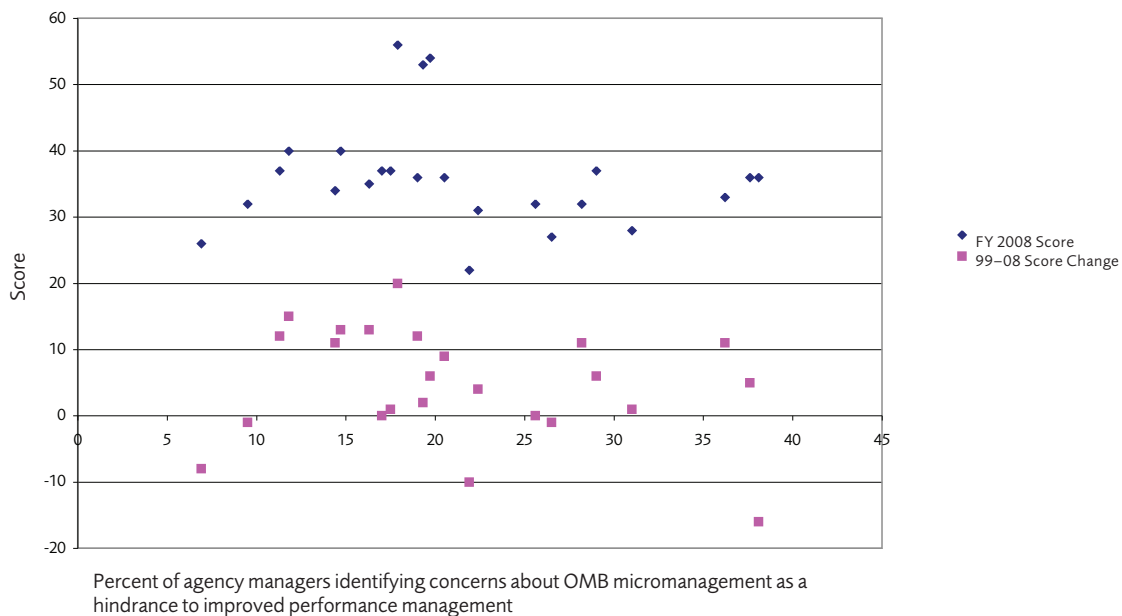
Figure 9 examines the effect of ideology on scoring by juxtaposing score data against results from a recently published survey that asked scholars, journalists, and Washington think tank experts to evaluate whether individual agencies tend to have more conservative or liberal policy views.<sup>19</sup> Mercatus Center researchers were not involved in this survey, and we might not agree with all of the individual results, but it is one of the more innovative attempts we have seen to quantify agency ideology. A higher positive number means the agency ranked as more “conservative;” agencies with a more negative number were considered more “liberal.” There

19. Joshua D. Clinton and David E. Lewis, “Expert Opinion, Agency Characteristics, and Agency Preferences,” *Political Analysis* 16 (2008), 3–20.

**Figure 10: Scores vs. Perceived Congressional Commitment**



**Figure 11: Scores vs. Concern about OMB Micromanagement**



appears to be little relationship between ideology and score, or perhaps a slight negative one: more “liberal” agencies may tend to score slightly higher or improve at a faster rate.

Several theories of bureaucracy imply that an agency’s tendency to adopt good performance measures depends in part on whether agency managers believe that the president or Congress wants them to have good perfor-

mance measures.<sup>20</sup> Figures 10 and 11 investigate whether agency managers' perceptions of Congress and the OMB are systematically related to Scorecard scores.

In 2007, the GAO conducted a survey of federal managers on the availability and use of performance information, as well as obstacles to more widespread use. One question asked managers whether lack of congressional commitment or support hinders performance measurement or the use of performance information in their agency. Another asked managers whether concerns about micromanagement by OMB hinder performance measurement or the use of performance information in their agencies.<sup>21</sup>

Using this survey data, figure 10 suggests that there may be little relationship between congressional commitment and agencies' fiscal year 2008 scores. However, there appears to be a negative correlation between congressional commitment and improvement in scores over the past ten years. An agency seems less likely to improve if a higher percentage of its managers believe lack of congressional commitment or support is a barrier to improvement.

A similar pattern appears in figure 11. Concern about OMB micromanagement does not seem to be closely related to fiscal year 2008 scores, but concerns about micromanagement do seem to be correlated with the ten-year score change. Agencies with a higher percentage of managers identifying OMB micromanagement as a barrier to better performance management are somewhat less likely to have improved their reports during the past ten years.

In fairness, it is not completely clear what the survey responses about Congress and OMB measure. Taken literally, they measure the extent to which federal managers believe congressional disinterest or OMB micromanagement discourage their agencies from improving performance measurement or performance management. Interpreted more broadly, though, these findings may merely indicate managers' perceptions of the state of their agencies' relationship with Congress and OMB. Responses identifying lack of congressional interest or concerns about micromanagement as a hindrance may simply indicate that managers believe there are problems in the agencies' relationships with their overseers.

Nevertheless, the patterns in figures 10 and 11 suggest that an agency's relationship with Congress and OMB might affect the rate at which it improves the quality of its performance reporting. Perhaps a positive relationship with Congress and OMB leads to more rapid improvement—or more rapid improvement leads to a better relationship with Congress and OMB.

Overall, the graphs in this section suggest that agencies have little inherent advantage related to their size or the means by which they carry out their missions. Either that, or the relationship is much more complicated than a two-dimensional graph can identify. Agencies with more liberal policy views may score a little higher, though the reason is not obvious. Finally, two factors that do seem to matter are perceived congressional and OMB interest in the agency's performance.

20. Anthony Downs, *Inside Bureaucracy* (Boston: Little, Brown and Co., 1967); Gordon Tullock, *The Politics of Bureaucracy*, reprinted in Charles K. Rowley, Ed., *The Selected Works of Gordon Tullock* (Indianapolis, IN: Liberty Fund, 2005 [1965]).

21. Full survey results are available at <http://www.gao.gov/special.pubs/gao-08-1036sp/toc.html>.