

EXECUTIVE SUMMARY

Scandals, embarrassing earmarks, and disaster relief disasters have recently made the federal government appear unmanaged and out of control. Notwithstanding these breakdowns, during the past dozen years, both Congress and the executive branch have taken significant steps to improve accountability for federal expenditures. The Government Performance and Results Act of 1993 requires agencies to produce strategic plans, annual performance plans, and annual performance reports. In fiscal 2001, the Office of Management and Budget began examining the design, management, and results of federal programs using its Program Assessment Rating Tool (PART).

This Scorecard commenced in fiscal 1999 to foster continuous improvement in the quality of disclosure in agencies' annual performance reports. This year, researchers at the Mercatus Center at George Mason University conducted our seventh annual evaluation of the performance and accountability reports produced by the 24 agencies covered under the Chief Financial Officers Act. These agencies accounted for 98.8 percent of federal outlays in fiscal 2005. 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—four 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.

Key findings in this year's Scorecard include:

QUALITY DISCLOSURE COVERS SLIGHTLY HIGHER FRACTION OF EXPENDITURES: The reports receiving an average score of 36 or better (out of 60 possible points) accounted for 15 percent of non-interest spending in the 24 agencies for fiscal 2005, up from 11 percent in fiscal 2004. The remaining 85 percent is in agencies whose reports received average scores below the satisfactory level.

VERY GOOD DISCLOSURE COVERS MINISCALE FRACTION OF EXPENDITURES: Reports that exceed expectations on average, scoring 48 or better, cover only three percent of the 24 agencies' non-interest spending in fiscal 2005. In contrast, programs receiving a "Results Not Demonstrated" rating under PART account for about 10 percent of spending by programs that have undergone PART assessment.

SUBSTANTIAL ROOM FOR IMPROVEMENT: Average scores on six of our 12 criteria are still below 3 (out of a possible 5), suggesting there is still substantial room for improvement.

LITTLE CHANGE: Ten agencies improved their scores from fiscal 2004 to fiscal 2005. Scores fell for 11 agencies and remained the same for two agencies. Scores for one agency cannot be compared because its report was not evaluated in fiscal 2004.

BEST REPORTS: For fiscal 2005, Labor (51 points out of a possible 60), State (50), Transportation (49), and Veterans Affairs (48) produced the highest rated reports. Labor's score set a new record. Transportation pulled ahead of Veterans by one point to capture third place.

REPORTS MOST IN NEED OF IMPROVEMENT: Health and Human Services (25 points), Homeland Security (27), the Social Security Administration (29), and Defense (29) had the lowest-ranked reports for fiscal 2005.

MOST IMPROVED REPORTS: Two agencies' reports received significantly higher scores in fiscal 2005 than in fiscal 2004: Treasury and Defense. Across-the-board improvements elevated Treasury's report from 16th place in fiscal 2004 to tie for 5th place in fiscal 2005. The score for Defense's report rose by eight points, or nearly 40 percent, largely from improvements on the transparency criteria.

BIGGEST DROPS: The Department of Justice's report fell from 5th place to 11th, National Science Foundation's fell from 10th place to 15th, NASA's fell from 16th place to 20th, and Social Security's fell from 16th place to 21st. All four agencies received lower total scores as well.

RECOMMENDATIONS: To achieve comprehensive accountability for costs and outcomes, the federal government needs to (1) produce an analysis of outcomes created by tax expenditures to complement the cost figures already reported in the budget, (2) develop accurate estimates of the complete costs of regulation, and (3) use all of this information in making budget decisions.

This Scorecard evaluates only the quality of agency reports, not the quality of the results they 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 DOCUMENT

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

TABLE 1

SCORECARD SUMMARY & RANKING FOR FISCAL YEAR 2005

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

	TRANSPARENCY	PUBLIC BENEFITS	LEADERSHIP	TOTAL	RANK
Labor	17	17	17	51	1
State	17	16	15	48	2
Transportation	19	14	14	47	3
Veterans	18	14	14	46	4
Commerce	15	11	15	41	5
Treasury	16	11	14	41	5
SBA	14	12	14	40	7
USAID	15	12	11	38	8
Agriculture	14	11	12	37	9
Energy	13	10	14	37	9
Justice	14	10	12	36	11
NRC	12	11	12	35	12
EPA	13	10	11	34	13
Interior	14	9	11	34	13
HUD	13	10	10	33	15
NSF	13	9	11	33	15
Education	12	9	10	31	17
GSA	11	9	11	31	17
OPM	11	9	11	31	17
NASA	11	7	12	30	20
Defense	13	7	9	29	21
SSA	9	7	13	29	21
DHS	9	8	10	27	23
HHS	8	8	9	25	24
AVERAGE	13.4	10.5	12.2	36.0	
MEDIAN	13.0	10.0	12.0	34.5	

TABLE 2

FISCAL YEAR 2005 SCORES & RANKINGS COMPARISON TO FISCAL YEAR 2004

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

	FY 2005		FY 2004		CHANGE IN SCORE	CHANGE IN RANKING
	TOTAL SCORE	RANK	TOTAL SCORE	RANK		
Labor	51	1	50	1	1	0
State	48	2	49	2	-1	0
Transportation	47	3	46	3	1	0
Veterans	46	4	46	3	0	-1
Commerce	41	5	40	5	1	0
Treasury	41	5	32	16	9	11
SBA	40	7	39	6	1	-1
USAID	38	8	37	9	1	1
Agriculture	37	9	35	13	2	4
Energy	37	9	39	6	-2	-3
Justice	36	11	39	6	-3	-5
NRC	35	12	36	10	-1	-2
EPA	34	13	36	10	-2	-3
Interior	34	13	35	13	-1	0
HUD	33	15	32	16	1	1
NSF	33	15	36	10	-3	-5
Education	31	17	34	15	-3	-2
GSA	31	17	32	16	-1	-1
OPM	31	17	30	21	1	4
NASA	30	20	32	16	-2	-4
Defense	29	21	21	23	8	2
SSA	29	21	32	16	-3	-5
DHS	27	23	27	22	0	-1
HHS	25	24	*	*	*	0
AVERAGE	36.00		36.30		0.17	
MEDIAN	34.50		36.00		0.00	

*Fiscal 2004 report not evaluated because not released as of December 1, 2004.