

*3RD ANNUAL PERFORMANCE
REPORT SCORECARD:*

Which Federal Agencies Inform the Public?

Jay Cochran, III
Maurice McTigue
Steve Richardson

May 16, 2002

MERCATUS CENTER
GEORGE MASON UNIVERSITY

Executive Summary

The American people are entitled to know what benefits they have received from their government's activities, and annual performance reports are one avenue for agencies to communicate this information to citizens and policymakers. The purpose of this scorecard is to encourage improvement in the quality of reporting on results achieved by government agencies. We do this by evaluating and ranking (1) how transparently an agency reports 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.

By assessing the quality of agency reports (but *not* the quality of the results achieved), we wish to learn which agencies are supplying the information that Congress and the public need to make informed funding and policy decisions. The importance of quality reporting has taken on added significance in light of the Bush Administration's indication that it intends to use agency performance information to make its budget decisions for fiscal year (FY) 2003 and subsequent years.

Researchers at the Mercatus Center at George Mason University conducted our third annual evaluation of the reports produced by 22 of the 24 agencies covered under the *Chief Financial Officers Act*, using the same criteria we have used in the past to evaluate the FY 2001 performance reports. Though our criteria are the same, our evaluative standards tighten each year, consistent with a belief that agencies should be learning from previous reporting successes and failures—both their own as well as those of other agencies.

Best Reports: For FY 2001, the Department of Transportation performance report scored highest, followed by the Department of Veterans Affairs, and the Department of Labor.

Reports Most In Need Of Improvement: Of the 22 agencies that released reports, the Department of Health & Human Services, the Office of Personnel Management, and the Department of State tied for the lowest score (with 19 out of possible 60). The Department of Defense did not release its report in time to be included in our analysis, while the Department of Education elected not to publish a report at all.

Most Improved Reports: Only the reports of the Nuclear Regulatory Commission (NRC), the Social Security Administration (SSA), and NASA improved their scores over last year. SSA moved from 19th to 11th place, NASA moved from 23rd to 17th place, while the NRC leaped from 21st place to fourth in the overall rankings.

Most Common Strengths: (1) Clarity of the reports, and (2) forthright articulation of the challenges facing agency managements.

Most Common Weaknesses: (1) Continued focus on agency activities rather than delivering results, and (2) weak or missing explanations of failures to achieve strategic goals.

Generalized Failure to Improve: The average score of the 22 reporting agencies was 12 percent lower for FY 2001 reports compared to the average for FY 2000. Of the 12 evaluative criteria, all but one saw lower average scores in FY 2001 vs. FY 2000, with scoring declines ranging between 3 percent and 25 percent year-over-year. Just three agencies actually improved their overall report scores in FY 2001. Given that 2001 was a transition year, an inevitable discontinuity in leadership may explain some part of this

deterioration. If this year's negative trend continues, however, it may indicate a more chronic problem beyond a simple transitional loss of focus.

Table 1**Scorecard Summary & Ranking for FY 2001**

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

| | Transparency | Public Benefits | Leadership | TOTAL | Rank |
|----------------|-------------------------------------|------------------------|-------------------|--------------|-------------|
| Transportation | 16 | 14 | 12 | 42 | 1 |
| VA | 15 | 11 | 12 | 38 | 2 |
| Labor | 13 | 11 | 12 | 36 | 3 |
| Energy | 10 | 10 | 13 | 33 | 4 |
| EPA | 12 | 9 | 12 | 33 | 4 |
| Justice | 13 | 10 | 10 | 33 | 4 |
| NRC | 11 | 11 | 11 | 33 | 4 |
| GSA | 10 | 11 | 10 | 31 | 8 |
| Treasury | 11 | 8 | 12 | 31 | 8 |
| NSF | 12 | 8 | 10 | 30 | 10 |
| HUD | 8 | 12 | 9 | 29 | 11 |
| SSA | 12 | 6 | 11 | 29 | 11 |
| Agriculture | 9 | 12 | 7 | 28 | 13 |
| Commerce | 10 | 11 | 7 | 28 | 13 |
| Interior | 12 | 8 | 8 | 28 | 13 |
| SBA | 9 | 10 | 7 | 26 | 16 |
| NASA | 10 | 7 | 8 | 25 | 17 |
| USAID | 5 | 9 | 9 | 23 | 18 |
| FEMA | 7 | 7 | 7 | 21 | 19 |
| HHS | 6 | 7 | 6 | 19 | 20 |
| OPM | 7 | 5 | 7 | 19 | 20 |
| State | 6 | 8 | 5 | 19 | 20 |
| Defense | <i>Not Evaluated (Not Released)</i> | | | | 23 |
| Education | <i>Not Evaluated (No Report)</i> | | | | 24 |
| Average | 10.18 | 9.32 | 9.32 | 28.82 | |
| Median | 10 | 10 | 10 | 29 | |

| Table 2 | | | | | | |
|---|-----------------|------|-----------------|------|-------------------------------|---------------------------------|
| FY 2001 Scores & Rankings Comparison to FY 2000 | | | | | | |
| Highest Rank = 1; Lowest = 24. Maximum Possible Score = 60; Minimum = 12. | | | | | | |
| | FY 2001 | | FY 2000 | | Change in FY 2001 Score | Change in FY 2001 Ranking |
| | Total Score | Rank | Total Score | Rank | | |
| Transportation | 42 | 1 | 47 | 2 | -5 | 1 |
| VA | 38 | 2 | 49 | 1 | -11 | -1 |
| Labor | 36 | 3 | 40 | 4 | -4 | 1 |
| Energy | 33 | 4 | 35 | 10 | -2 | 6 |
| EPA | 33 | 4 | 37 | 6 | -4 | 2 |
| Justice | 33 | 4 | 38 | 5 | -5 | 1 |
| NRC | 33 | 4 | 22 | 21 | 11 | 17 |
| GSA | 31 | 8 | 36 | 8 | -5 | 0 |
| Treasury | 31 | 8 | 32 | 13 | -1 | 5 |
| NSF | 30 | 10 | 37 | 6 | -7 | -4 |
| HUD | 29 | 11 | 35 | 10 | -6 | -1 |
| SSA | 29 | 11 | 26 | 19 | 3 | 8 |
| Agriculture | 28 | 13 | NE ¹ | 24 | | |
| Commerce | 28 | 13 | 30 | 14 | -2 | 1 |
| Interior | 28 | 13 | 33 | 12 | -5 | -1 |
| SBA | 26 | 16 | 36 | 8 | -10 | -8 |
| NASA | 25 | 17 | 18 | 23 | 7 | 6 |
| USAID | 23 | 18 | 43 | 3 | -20 | -15 |
| FEMA | 21 | 19 | 29 | 16 | -8 | -3 |
| HHS | 19 | 20 | 21 | 22 | -2 | 2 |
| OPM | 19 | 20 | 25 | 20 | -6 | 0 |
| State | 19 | 20 | 30 | 14 | -11 | -6 |
| Defense | NE ² | 23 | 27 | 18 | | |
| Education | NE ³ | 24 | 28 | 17 | | |
| Average | 28.82 | | 32.78 | | -3.96 | |
| Median | 29 | | 33 | | -4 | |

NE¹ = Report Not Evaluated because not released as of April 27, 2001.

NE² = Report Not Evaluated because not released as of April 15, 2002.

NE³ = Report Not Evaluated because no report published.

Table of Contents

| | |
|---|----|
| Introduction | 1 |
| Evaluation Criteria | 3 |
| Interpreting Our Findings | 5 |
| Scoring the Reports—Strongest and Weakest Scores | 7 |
| Transparency | 7 |
| Public Benefits | 10 |
| Forward-looking Leadership | 15 |
| Trends and Observations | 19 |
| Research Team and Project Design | 26 |
| About the Authors | 29 |
| About the Mercatus Center | 31 |
| About the Government Accountability Project | 31 |
| Appendix A—Agency-by-Agency Scoring Summaries | 33 |
| Department of Transportation (DOT) | 35 |
| Department of Veterans Affairs (VA) | 36 |
| Department of Labor (DOL) | 37 |
| Department of Energy (DOE) | 38 |
| Environmental Protection Agency (EPA) | 39 |
| Department of Justice (DOJ) | 40 |
| Nuclear Regulatory Commission (NRC) | 41 |
| General Services Administration (GSA) | 42 |
| Department of the Treasury (Treasury) | 43 |
| National Science Foundation (NSF) | 44 |
| Department of Housing and Urban Development (HUD) | 45 |
| Social Security Administration (SSA) | 46 |
| Department of Agriculture (USDA) | 47 |
| Department of Commerce (DOC) | 48 |
| Department of the Interior (Interior) | 49 |
| Small Business Administration (SBA) | 50 |
| National Aeronautics and Space Administration (NASA) | 51 |
| U.S. Agency for International Development (USAID) | 52 |
| Federal Emergency Management Agency (FEMA) | 53 |
| Department of Health and Human Services (HHS) | 54 |
| Office of Personnel Management (OPM) | 55 |
| Department of State (State) | 56 |
| Department of Defense (DOD) | 57 |
| Department of Education (ED) | 58 |
| Appendix B—Agency Names and Abbreviations Used in this Document | 59 |

Introduction

For several years, following the passage of the *Government Performance and Results Act of 1993* (GPRA), federal agencies have developed strategic plans, performance plans, and (most recently) performance reports to explain what they are trying to accomplish, identify performance measures, and report on their results. In the upcoming fiscal year, policymakers will take account of performance information when they make budget decisions.

President Bush's fiscal year (FY) 2002 budget proposal called upon the federal government to produce better results for citizens by enhancing accountability for dollars collected and dollars spent. The administration has also begun using information on agency performance in the fiscal year 2003 budgets for a selected set of programs.¹ *Performance-based budgeting* means that money will be allocated not just on the basis of perceived needs and policy priorities, but also according to the federal government's ability to address those needs and priorities effectively. A desire to accomplish a goal or to solve a problem will no longer be sufficient. Program proponents will have to demonstrate that the particular programs actually accomplish their stated goals.

For performance-based budgeting to work, performance information has to be transparent, accessible, and reliable. GPRA and its amendments require federal agencies to produce annual performance reports. The purpose of these reports is to give Congress and the American people accurate, timely information that will let them assess the extent to which agencies are producing tangible public benefits. In line with expectations under the legislation, agencies published their first reports (for FY 1999) in March 2000, the second series in spring 2001 (covering FY 2000), and the current series in spring 2002 (for FY 2001).

While the goal of public agencies is public benefit rather than private profit, government performance reports should at least meet the standards for transparency and disclosure established by the best annual reports produced by publicly-held corporations. A well-crafted corporate annual report provides a comprehensive, concise, accurate, and reliable assessment of the company's operating and financial performance. Effective accountability in public service requires no less; in that, government should present a comprehensive, concise, accurate, and reliable assessment of the benefits created for the public, as well as the costs of producing those benefits. Then, equipped with such information, the administration and Congress can allocate federal resources in ways that continually advance government's contribution to citizens' quality of life.²

To help policymakers assess this year's reports and to help agencies improve the quality of future reports, a Mercatus Center research team evaluated the reports produced by 22 of

¹ Office of Management and Budget, *Budget of the United States Government for Fiscal Year 2003. Governing with Accountability*, available at <http://www.whitehouse.gov/omb/budget/fy2003/bud09.html>.

² The Mercatus Center has developed a seven-step process, called "Outcome-Based Scrutiny," that provides a framework for comparing the results and costs of programs with similar objectives and assessing the likely impact of reallocating resources to the most effective programs. For a pilot study applying Outcome-Based Scrutiny to federal vocational training programs, see <http://www.mercatus.org/obs/>

the 24 agencies covered under the *Chief Financial Officers' Act*.³ This marks the third year that researchers at the Mercatus Center's Government Accountability Project have evaluated agency performance reports. It is our goal that this annual assessment will not only help to inform decision makers, but that it will also inform the American people more generally. By promoting the American spirit of competition and accountability and applying it to government performance reporting, it is also our hope that agencies can and will improve the quality and cost-effectiveness of the services they deliver.

³ Two agencies, Defense and Education, failed to submit their annual performance reports on time and could not be included in the current scoring and analysis. The Defense Department had not submitted its report as of April 15, 2002, while the Education Department simply failed to publish a report at all.

Evaluation Criteria

The purpose of this assessment is not to evaluate or make judgments about the quality of the actual results the agencies produced. Rather, our goal is simply to ascertain *how well the agency reports inform the public* about the results they produced so that policymakers and citizens may make informed judgments about the agencies' results. Our research team employed 12 evaluation factors grouped under three general categories:

1. Does the agency report its accomplishments in a *transparent* fashion?
2. Does the report focus on documenting tangible *public benefits* the agency produced?
3. Does the report show evidence of forward-looking *leadership* that uses performance information to devise strategies for improvement?

Transparency

1. Is the report easily accessible and easily identified as the agency's Annual Performance Report?
2. Is the report easy for a layperson to read and understand?
3. Are the performance data reliable, credible, and verifiable?
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 to do better next year?

Transparency

Reports should be accessible, readable, and useable by a wide variety of audiences, including Congress, the Administration, the public, news media, and stakeholders. If a report fails to make significant achievements and problems apparent, benefits to the community arising from agency activities will remain secret to all but a few insiders, and citizens will have no real opportunity to indicate their approval.

Public Benefits

An agency's value to the public becomes clear only when 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 produced meaningful results for the community, performance reports should focus on "outcomes" (i.e., benefits of programs and activities) rather than on programs or activities as such. The reports should also clearly present the costs of achieving those results. Goals and measures that emphasize agency activities instead, assume that such activities automatically translate into results. Such an assumption can be incorrect for a wide variety of reasons. An agency performance report has to highlight achievement of results; otherwise, it will not inform the public of the success or failure of government programs, and 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 information in the performance report to identify solutions to perceived problems and to change future plans so as to capitalize on opportunities for improvement. The report should inspire confidence in the ability of an agency to enhance citizens' quality of life commensurate with the resources they have entrusted to the agency.

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 best results for the country. Ideally, an agency's report reflects more about its managers' capabilities than just their ability to write reports. Instead, a high scoring report reflects an agency's ability to translate what it does into understandable and meaningful results that Americans can appreciate.

Similarly, it would also be inappropriate to draw policy conclusions from our inquiry. 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 the agencies that are supplying the information Congress and the public need to make informed funding, budgeting, and policy decisions.

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. In the interest of producing a timely study, we did not, however, verify the performance information cited in each agency's report. Given the importance of accurate data for sensible decisions, we believe that verification and validation should be a high priority for agency Inspectors General, Congress, the General Accounting Office, and the Office of Management and Budget.

Scoring the Reports

Strongest and Weakest Scores

Each agency had the opportunity to earn up to 20 points in each of the three categories, for a maximum total score of 60 points. Each category included four equally weighted evaluation factors, and scores of 1 through 5 (or from poor to excellent, respectively) were awarded on each evaluation factor.

TRANSPARENCY

1. Is the report easily accessible and easily identified as the agency's Annual Performance Report?

Access to performance information is critical because public accountability can only be served if members of the public can actually find out what benefits an agency provides. The annual report should be easily available to the public, stakeholders, and the media. Ideally, this means that the home page of the agency's main web site displays a link clearly guiding the reader to the annual performance report for the most recent fiscal year. If one has to be an expert on GPRA and the agency's structure to locate it, the spirit of accountability to the public is not satisfied. If the report is large, it should be divided into sections for more convenient reading and/or downloading. Making the report available in multiple formats is also desirable, since readers' needs vary and each format has its advantages and disadvantages (ease of printing, searching, etc.).

Strongest Scores: Justice, Labor, and Veterans Affairs

Justice's report is just a few clicks from the department's home page. The entire page devoted to this report is formatted like the table of contents, with strategic goal sections and appendices available for download in PDF and with links to dozens of subsections.

Labor's Annual Report for FY 2001 appears at the top of the "Highlights" section of their home page. The report page displays over 30 sections in a table of contents format, and the linked PDF files are small (<500KB), facilitating quick and selective downloads. Mail, phone, fax, and email contacts appear at the page bottom for requesting hard copies or for offering comments.

An easily found link to VA's Annual Performance Report on the department's home page actually goes to the "What's New" page, where a very good description of the report is in turn linked to the Office of Budget page. There, the Table of Contents for the report provides 18 separate (small) PDF files for download.

Weakest Scores: Six agencies did not post their reports on-line: Agriculture, USAID, FEMA, HUD, OPM, and State.

None of these agencies had their reports posted on their websites by April 15th. So, their annual performance reports were judged difficult to access.

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

The Annual Performance Report is a communications device directed at non-specialist audiences. Therefore, its style, language, and subject matter must reflect that purpose. It should focus on an agency's mission, how it organizes efforts toward that end, and how much progress was made toward its achievement in the preceding fiscal year. Contents should be clear, logical, easy to navigate, and presented in such a way that their structure aids understanding. Consistent format, clarity of text, absence of jargon, minimal use of acronyms, and effective use of visual techniques like headings, graphs, tables, and photos are helpful. Details can either inform or confuse, depending on how they are presented.

Strongest Scores: NASA and Treasury

NASA's "Overview" resembles a corporate annual report to shareholders in its attractive layout and simple, focused presentation. The entire report is well organized, consistently formatted and easy to read. Graphics and the stories that accompany the text are excellent. The Roadmap on p. 35 (a table of contents in solar-system form) is not just delightfully creative; it also helps readers choose different levels of information on the same subject.

Treasury's introduction is excellent. It provides highlights, a quick view of the department, including its bureaus and goals, and describes the organization of the report. Structure, formatting, graphics, and text are all very well done—making it relatively easy to acquire an understanding of the department's role.

Weakest Scores: HHS, State, and USAID

Confusion begins with the cover of HHS' report, which is labeled "FY 2003 Performance Summary and Justification of Estimates for Appropriations Committees." Organization of the report according to newly established Outcome Goals instead of Strategic Goals does not help. Throughout the report, performance goals appear at random without ties to strategic goals. Readers are referred to sub-agency reports for most performance information. All results are presented in text format (very limited use of tables, charts and graphs) and anecdotal data presentation does not demonstrate the department's achievement in any major area.

State's report is long and seems even longer because the format is not reader-friendly. There is no overview section of performance or results at any level (goal, national interest or department). Acronyms are far too prevalent, and the report really needs graphs, maps, and explanatory tables to make its story interesting and comprehensible.

Organization of USAID's report is confusing, especially within the goal sections, where it is unclear which general goal is being addressed. Headers announce progress in news brief style—except the reports are not brief. Order of these stories appears random instead of prioritized or arranged logically by subject or region. Absence of graphics (even a map) is baffling—especially for a report that covers

tiny countries spanning the globe. In addition, the use of abbreviations, buzzwords, and acronyms is too liberal.

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

The report should indicate the agency's confidence in the quality of the data used to document its results. Since the purpose of gathering these data is to manage programs strategically, one test of their adequacy is whether they are relevant, timely, complete, accurate, and consistent enough to use as the basis for decision-making. Data should be independently validated (i.e., certified as appropriate for the associated performance measure) and verified (i.e., assessed as reliable). Anyone outside the agency should be able to access the data with relative ease. Sources and descriptions should be provided for all outcome data.

Strongest Score: Transportation

Transportation's discussion of performance data is excellent. Appendix I includes: Scope (definition), Source (methodology), Limitations, Statistical Issues, Verification & Validation, and Comments for each measure. These discussions generally indicate that the department has a high level of confidence in its data and supports the assessments it draws from them.

Weakest Scores: Office of Personnel Management and the Small Business Administration

OPM's data do not appear valid. Indeed, the IG says the agency "needs to improve the reliability of its performance data and controls over that performance data." OPM admits shortcomings in its data and claims it is refining its measurement processes. Discussions of current data sources and quality, as well as descriptions of plans for improvement remain inadequate.

SBA openly admits data relevancy, accuracy, currency and quality problems in the Data Validation and Verification section. Validations are internal, sources do not appear to be easily accessed from outside the agency, and only a few external verifications are described. The IG identified performance data as a major management challenge and has rated the agency's effort to address it as a 3—meaning no substantial progress.

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

The "bottom line" for citizens is whether an agency's actions are making a given situation better or worse. To provide this information, agencies must design a measurement system that facilitates analysis of trends over time. Data should be displayed in a way that allow readers to detect and understand their significance easily. Both quantity of data (years of data included) and presentation matter. Good performance measures that have limited data (from newness or revision) may convey more information than inferior measures with more data points that are not clearly linked to an agency's results.

Strongest Scores: Justice and Veterans' Affairs

The results of every DOJ measure are shown in bar charts adjacent to its discussion, which is usually thorough and easy to follow. Generally, 2-3 years' data are provided and often, projections are included. Some of the charts make impressive use of techniques that show breakdowns of global measures.

Bar charts show 5 years' data for most of VA's "key" measures. Data for other measures are displayed in tables with goal status (met/not met) color-coded. Key measures are very well-supported by the text. Means and Strategies, Data Source and Validation, and Definitions sections help readers understand their significance.

Weakest Scores: HHS and USAID

Some HHS data report on a single year (often '00 or '99) and some just indicate improvement from '97 to '01. Where trends do appear, they fail to reveal much about the department's achievement. Presentation in text format with very few graphics makes it difficult to uncover positive or negative trends.

The only data appearing in USAID's report appear in narrative form and are presented anecdotally, so there is no opportunity to examine trends. A few charts appear in Chapter 1 and refer to data that are not clearly identified as performance measures for USAID.

PUBLIC BENEFITS

5. Are the goals and objectives stated as outcomes?

An "outcome goal" is defined as the intended benefit (or harm avoided) that results from an agency's programs or activities. It should be articulated in clear and simple terms that describe benefits to the community rather than activities that are presumed to be of value. Vague verbiage that emphasizes things an agency does instead of why it is doing them should be avoided. This admonition applies at all goal levels - strategic goals, objectives, and annual performance goals.

Strategic goals should be few in number (three to five). Management goals (including financial, human resources, information technology, etc.) exist to support achievement of program goals; so, it is inappropriate to place them alongside goals that address public benefits more directly.

Methods, measures, and targets are separate issues that have no place in performance goal statements, since they are expected to change. By comparison, goals (if selected and stated properly) are likely to remain valid over several years at least. Overly specific goal statements make trend analysis impossible.

Strongest Scores: Agriculture, HUD, and Labor

All three of these departments have strategic goals, strategic objectives, and annual performance goals that are, for the most part, outcome-oriented and that are linked to one another.

Agriculture

- *Strategic Goals*—2) Promote health by providing access to safe, affordable and nutritious food; 3) Maintain and enhance the nation's natural resources and environment; and 4) Enhance the capacity of all rural residents, communities and businesses to prosper
- *Objectives*—2.3) Protect the public health by significantly reducing the prevalence of food borne hazards; 3.1) Maintain the productive capacity of the natural resource base for future generations; and 4.1) Expand job opportunities and improve the standard of living in rural communities
- *Key Outcomes* (not numbered)—Reduce the incidence of food borne illness related to meat, poultry and egg products in the U.S.; Reduce erosion damage on cropland; and Increase rural homeownership

HUD

- *Strategic Goals*—1) Increase the availability of decent, safe and affordable housing in American communities; 2) Ensure equal opportunity in housing for all Americans; and 3) Promote self-sufficiency of and asset development by families and individuals
- *Strategic Objectives*—1.2) Affordable rental housing is available for low-income households; 2.1) Housing discrimination is reduced; and 3.1) Homeless families and individuals become self-sufficient
- *Outcome Indicators*—1.2.1) The number of households with worst case housing needs decreases by 3% by 2001 among families with children and elderly households; 2.1.1) Housing discrimination declines 2 percentage points from 1989 national levels by 2001; and 3.1.1) The share of those homeless persons leaving HUD transitional housing who move to permanent housing increases by 1 percentage point to 37 percent

Labor

- *Strategic Goals*—1) Enhance opportunities for America's workforce; 2) Promote the economic security of workers and families; and 3) Foster quality workplaces that are safe, healthy and fair

- *Outcome Goals*—1.1) Increase employment, earnings and assistance; 2.2) Protect worker benefits; and 3.1) Reduce workplace injuries, illnesses and fatalities
- *Performance Goals*—1.1F) Increase by 6% the number of newly registered female apprentices over the end of the FY 1999 baseline; 2.2C) Increase by 1% the number of workers who are covered by a pension plan sponsored by their employer, particularly women, minorities and workers in small business; and 3.1B) Reduce the number of mine fatalities and non-fatal injury rate to below the average for the previous five years

Weakest Scores: NASA and the Office of Personnel Management

NASA's Strategic Goals are almost all activities rather than outcomes. For example:

- *SS #1*—Chart the evolution of the universe from origins to destiny, and understand its galaxies, stars and life
- *ESE #2*—Disseminate information about the Earth system
- *BPR #5*—Share the experience and discovery of human space flight
- *HEDS #3*—Expand commercial development of space
- *AT #2*—Revolutionize air travel and the way in which air and space vehicles are designed, built and operated

Performance Goals are all activities (e.g., develop, perform, obtain, support, expand, build, complete, demonstrate, conduct, establish, etc.).

At every level, OPM's goal statements are vague and focused on agency processes instead of on citizens. None of the goals commit to measurable achievement of public benefits that are attributable to OPM. For example:

- *Strategic Goal 1*—The Federal Government effectively recruits, develops, manages and retains a high quality and diverse workforce even as the labor market and workplace undergo significant and continuous change
- *Strategic Objective*—Human resources development strategies result in Federal training being a more outcome-oriented, measurable improvement function by FY 2004
- *Annual Goal (OWR Goal 2)*—OWR human resource development (HRD) leadership enhances workforce performance, increases use of learning strategies to achieve organizational performance goals, and improves HRD management

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

Performance measures selected by an agency should relate directly to its outcome goals. Activity measures, such as number of participants, studies completed, facilities built, projects funded, etc. may contribute to achievement of a result, but do not constitute results of interest to the public at large. Including these measures in the performance report may actually detract from the report's effectiveness in demonstrating the agency's impact. Data measuring levels of output can support a claim for success, but only if the agency makes a compelling case for a causal link between the output and results achievement.

Strongest Scores: HUD and Transportation

HUD's measurement scheme uses Outcome Indicators to establish links to its Strategic Objectives and Output Indicators to demonstrate how agency activities affect those outcomes. Strategic Objective 2.1, "Housing discrimination is reduced," has three Outcome Indicators: documented cases of discrimination (nationwide), racial and ethnic isolation, and percentage of the population with adequate awareness of fair housing laws. One of the corresponding Programmatic Output Indicators is (2.1.b) "At least two new fair housing groups funded by FHIP (Federal Housing Initiatives Program) will serve geographic areas that are not sufficiently served by public or private fair housing enforcement organizations and that contain large concentrations of protected classes."

Transportation's performance measures are valid and links to associated goals are usually obvious:

- Number and rate of injured persons involving large trucks.
- Detection rate for explosive devices and weapons that may be brought aboard aircraft.
- Percentage of miles on the National Highway System that meet pavement performance standards for acceptable ride.
- Percentage of ports reporting landside and waterside impediments to the flow of commerce.

Weakest Scores: FEMA and the Social Security Administration

FEMA's measures emphasize outputs—e.g., number of "partners" taking distance-learning courses, shelter nights provided, and average value of support to Disaster Field Offices.

SSA's measures are workload measures (reports prepared, calls answered, processing speed and accuracy, debts collected, checks processed, SSNs assigned, and disputes resolved). Some of them are selected as "key" indicators, but the choice appears arbitrary.

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

The report should answer whether things improved because of what an agency did, and if so, how much of the improvement can be attributed to its actions? Claims of impact should be supported by program evaluations. A less desirable alternative would be to logically connect outcome measures, output measures, and anecdotal evidence. A case that rests on merely assumed cause/effect relationships is unsatisfactory. The report should explain how agency outputs create or enhance outcomes for the public and describe the nature and extent of influence so that outcomes can be attributed (at least in part) to specific agency actions. Discussion of the operating environment and the extent of the agency's influence is helpful in keeping expectations ambitious, yet realistic.

Strongest Scores: None.

Nine agencies' reports (USAID, DOE, GSA, HUD, DOJ, NRC, DOT, USDA & VA) were scored "acceptable," none was scored "good" or "excellent." Strengths varied widely among agency scores, making it difficult to isolate particularly good examples.

Weakest Score: Office of Personnel Management

Abundance of selectively presented information and unsubstantiated claims handicap OPM's attempt to demonstrate its influence. At the strategic goal level, the report cites a high percentage of goals met. However, since the measures and methodology are suspect, such claims are unpersuasive. Most targets do not appear to be ambitious, as they are all barely above last year's result, irrespective of preceding low values.

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

Knowledge of resource allocation and linkage to strategic goals, objectives, and performance goals is useful because it clarifies priorities. Managing for results requires more, however. *Strategic* reallocation of resources becomes possible only when financial information includes resource details by outcome measure that can then be used to calculate cost per unit of success and to compare alternative methods of achieving the same goal.

Strongest Score: Department of Commerce

Each bureau section in the Commerce report features a detailed Resource Requirements Summary table that links total obligations, FTEs, and IT funding to individual performance goals. Actual data are shown for '99-'01 along with projections for '02 & '03. The information is sufficient for a rough approximation of costs and benefits in combination with performance measures.

Weakest Scores: HUD and Social Security Administration

Nothing in the HUD report links costs and results.

In SSA's report, the Financial Highlights discussion of unit costs demonstrates a necessary understanding and capability to link costs and results, but the data do not help a reader to see the cost-

effectiveness of the goals achievements cited in the report. Nothing appears in the document tying allocations to goals, objectives or decision-making.

FORWARD-LOOKING LEADERSHIP

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

Does an agency realize and articulate the value it provides to the country? The report should speak directly to the public about how the agency produces benefits that are important to citizens. Politics have no place in this report. The public's interests are paramount, not individual or partisan credit or blame. Just as the best corporate reports feature communication directly from the chief executive, agency reports should demonstrate accountability of agency heads for their organization's performance. Lofty ideals must be supported by an outcome orientation, sound strategies, and successful achievement discussions. The report should create confidence in an agency's ability to improve America's future.

Strongest Scores: None

Seven agencies received "acceptable" ratings in this category—DOE, EPA, NASA, NRC, DOT, Treasury, and VA—the highest score awarded. Each falls short of "good" or "excellent" because reports begin with a vision unsupported by results.

Weakest Scores: FEMA and the Small Business Administration

The FEMA Director's letter is not citizen-centered and the performance goal and measurement system is weak. Report is a missed opportunity to draw upon the nation's sudden awareness of and demand for disaster services and to translate that demand into support for and appreciation of FEMA. For example, a few paragraphs discuss Homeland Security Challenges in the Future Challenges section, but they understate the magnitude of the issue.

SBA does not appear particularly relevant to the average citizen and its report is full of disappointments that beg for an indication of how the agency intends to turn things around. The Executive Summary begins with a discussion of reporting requirements, refers to 2001 as a "year of transition," and devotes one inch of text to items the agency is "particularly proud of." The recession is treated as an obstacle for the agency, when it might have been presented as an example of the agency as an important source of funds for entrepreneurs when other sources of capital disappear. Brief references to help for businesses struck by disaster (9/11) do not take full advantage of a similar opportunity.

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

If an agency cannot identify reasons for failure, its ability to claim credit for success is suspect. Successes and failures that really matter occur at the strategic goal and objective level. The report should aggregate performance goal results and assess their impact on high-level goals. These summaries should take into consideration the fiscal year's priorities and relative significance of different goals, measures, and actual results. Transparency and accountability are ill-served by merely listing detailed measures and data from which the reader is expected to draw conclusions.

It should be clear why specific targets were chosen. What are the upper and lower limits of acceptable and achievable performance, and why? The effects of unexpected events or barriers—both internal and external—should be explained, and solutions revealed or suggested. Special care should be taken with resource explanations to indicate precisely how more or different resources would fix the problem and why reallocations were not made internally.

Strongest Score: Social Security Administration

Summary and individual indicator sections in the SSA report discuss clearly and concisely the goals that were not met, and why. Feedback from the IG and GAO regarding shortcomings/failures/barriers is included.

Weakest Scores: Agriculture and Commerce

USDA's Performance Scorecard table shows goals met and unmet, but indicators are not linked to Key Outcomes or to the text. Admitted failures are not well explained. Following are a few examples of goals and corresponding explanations of why the targets were missed:

- 4.1.1 (Rural jobs) poor cost and budget assumptions
- 4.1.2 (Rural home loans) borrowers preferred other lenders
- 4.1.3 (Rural water systems) states used funds to meet “actual” needs

In other cases, the department's claims of goal achievement appear unjustified:

- 1.1.3 (Percent farm income from market) “met” despite unexplained shortfall
- 1.2.1 (U.S. share of global agricultural trade) “met” with 2 of 4 targets missed widely
- 2.1.1 (Nutrition assistance) “met” despite missing 5 of 6 targets
- 3.1.3 (Forest, grassland fire hazard) “met” although all 3 targets missed, 2 widely

Commerce's summaries do not indicate which goals were met. At the performance goal level, explanations are very brief, often refer to strategies instead of results, and tend to blame staffing or funding issues. Bureau overviews look forward without including any

assessment of FY '01 performance. The Results by Bureau discussion in the departmental overview omits results entirely.

11. Does the report adequately address major management challenges?

The report should describe how risks to an agency's success are being minimized to maximize results for citizens. The impact of management issues is clearest in a context of specific goal achievement. It should be clear which challenges are "mission-critical," and why. Major management challenge discussions should include full disclosure of the background, comments of the General Accounting Office and Inspector General, as well as agency responses indicating an appreciation of threats to its mission, and goals and an anticipation of future risks.

Strongest Scores: Energy, EPA, and Transportation

Energy lists departmental challenges at the front of the report with a summary of each, and refers to pages in the overview where they are described in the context of the goal affected. These discussions are clearly labeled and appropriate in tone, length, and content.

EPA provides a comprehensive discussion of management challenges including those identified by the IG, GAO and OMB, and the agency's plans to resolve them (Corrective Action Strategies) in Section III. Affected goals are listed.

Transportation's report contains an index immediately following the table of contents that lists management challenges. It identifies their sources and pages in the text where each challenge is discussed and the discussion appears in shaded boxes adjacent to relevant performance goal discussions.

Weakest Scores: Commerce and State

Commerce makes no mention of departmental management challenges. At the front of the report, bureaus' challenges are discussed as if DOC is not really responsible for them and acts as a consultant.

State does not address major management challenges at all.

12. Does it describe changes in policies or procedures to do better next year?

The intent of the *Government Performance and Results Act* is not just reporting for its own sake. The legislation's intent is to hold agencies accountable for results rather than activities. The idea is to gather information on results and then to use that information in a strategic manner—that is, as a guide to future decisions. The most important improvement will therefore occur at the highest level, rather than in individual program goals, or the adjustment of measures. Is it evident that knowledge gained from the reporting process is actually being used by the agency to revise its priorities and guide its activities? What is the potential for an agency to make a positive difference in the future? How will it realize that potential?

Strongest Scores: None.

Eight agencies' reports are "acceptable" on this criterion (DOC, DOE, EPA, DOJ, DOL, NRC, DOT and Treasury). No one reached "good" or "excellent" because almost all changes are at the program level. Performance information seems to have little or no effect on high level strategies in any federal agency.

Weakest Scores: Agriculture, HHS, and State

The only indications of plans for improvement at Agriculture appeared at the program level, where goals were not met.

On page 1, HHS states that it intended its annual report to serve as a "tool that managers at all levels can use," but HHS does not seem to know what it accomplished this year (significant amounts of data were missing), so this seems impossible. Desire for improvement appears frequently but is seldom coupled with any firm commitments to timetables or measurable goals.

Brief, vague references to plans and initiatives are scattered about State's report but leave an overall impression that State has no intention of changing its overall policies or processes.

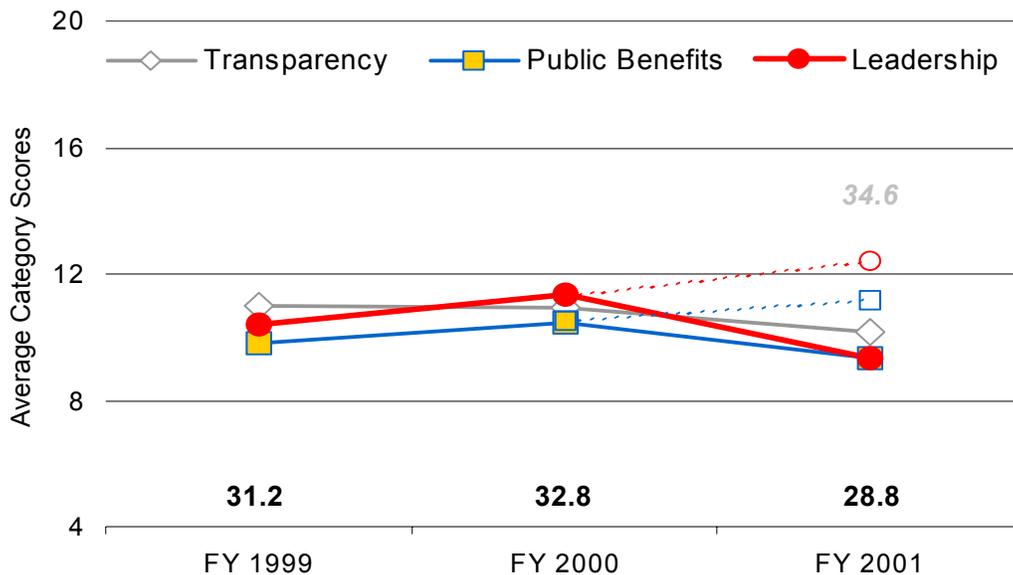
Trends and Observations

Generalized Failure to Improve

We employed the same criteria to assess the FY 2001 agency reports that we used to evaluate the FY 2000 and FY 1999 reports. Each succeeding year, however, we set our expectations somewhat higher, since agencies have had a year to learn from public and congressional response to their earlier reports as well as from each other. In other words, an agency had to improve the absolute quality of its FY 2001 report in order to receive the same numeric score it received for its fiscal 2000 report.

In our FY 2000 evaluations, for the most part, the agencies met our rising standard. In FY 2001, however, nearly all of the agencies (except three) failed to do so. This inability to improve is apparent in Figure 1. It displays a rise from FY 1999 to a high point in FY 2000 and a decline in FY 2001.⁴ Transparency scores declined 7 percent on average across all agencies, public benefits scores fell 11 percent, and leadership scores declined nearly 18 percent from FY 2000 to FY 2001. The dotted lines extending from the FY 2000 data points, indicate what the category scores would have been had the agencies continued to improve at the same average rate that they had exhibited going from FY 1999 to FY 2000. Had the agencies continued to improve their reports at the 1999 to 2000 rate, overall average scores for FY 2001 would have been 34.6, rather than 28.8, or about 17 percent higher than they in fact were.

Figure 1
Trends in Annual Performance Report Scoring



⁴ The transparency factors were essentially flat from 1999 to 2000 and so the extrapolation to FY 2001 for this factor is not shown in order to keep the chart uncluttered.

For the 22 reporting agencies, the total score across all 12 scoring factors declined, on average, about 12 percent for the FY 2001 reports as compared to the FY 2000 reports. Laying aside the non-reporting agencies (Defense and Education this year, and Agriculture last year), the overall mean score for FY 2001 was 28.8 versus 32.8 last year.⁵ Just three agencies—NASA, NRC, and the Social Security Administration—actually improved their Annual Performance Report scores in FY 2001.⁶

Another way to visualize the three dimensions of report scores across time is to refer to the bubble charts in Figures 2, 3, and 4 below. The “X” (or horizontal) axis plots the leadership scores for each agency, and the “Y” (or vertical) axis shows the corresponding transparency scores for the respective year. The relative width of the bubbles indicates each agency’s benefits score. (A wider bubble indicates an agency received a comparatively better score for linking and explaining the benefits it provides to the public, and a smaller width indicates the converse.)

In the first year of the new reporting structure (FY 1999), one might expect a relatively wide dispersion among agency scores. As agencies learn and adapt in subsequent years, however, it seems reasonable to expect a clustering along the northeast–southwest diagonal. Such clustering ought to be accompanied or followed by movement toward the northeast (or top right) quadrant, and with corresponding expansions in bubble sizes. (All of these actions combined would be indicative of organizations that learn and improve.)

In the first two years, agencies generally met these expectations. That is, the FY 1999 scorecard results display a wide dispersion among agency scores. Then, in FY 2000, agencies tended to cluster along the NE-SW diagonal, with some movement toward the top right quadrant.⁷ Unfortunately, this pattern of improvement was not sustained in FY 2001 as leadership and benefits scores fell sharply for most agencies. An increase in the relative slope of the overall cluster in FY 2001, however, indicates that the agencies’ transparency scores experienced the least deterioration among the three major scoring categories.

Of the 12 separate scoring factors, only one factor saw any improvement in FY 2001 vs. FY 2000. The mean score for all agencies reporting cost information and tying that information to their results actually improved about seven percent this year as compared to last. On the other 11 evaluation factors, however, score declines ranged between 3 percent and 25 percent year over year.⁸ In addition, no agency received an excellent score of five on any scoring factor this year, as compared to a dozen fives awarded across various factors and agencies last year.

⁵ The conclusion of a *generalized* failure to improve is further supported by the relative closeness of the mean and median scores (see Tables 1 and 2). A large difference between the two can signal that the mean is being heavily influenced by a relatively few outliers. Their similarity reinforces the notion that the failure to improve was broad-based rather than isolated to just a handful of agencies.

⁶ The USDA improved its score too, but only because it submitted a timely report this year as compared to no score last year due to its late submission.

⁷ In other words, public benefits scores tended to increase along with increasing transparency and leadership scores.

⁸ Explanations of failures to achieve stated goals (scoring factor number 10) saw the sharpest average score decline of more than 25 percent year over year.

Figure 2
 FY 1999 Annual Performance Report Scorecard

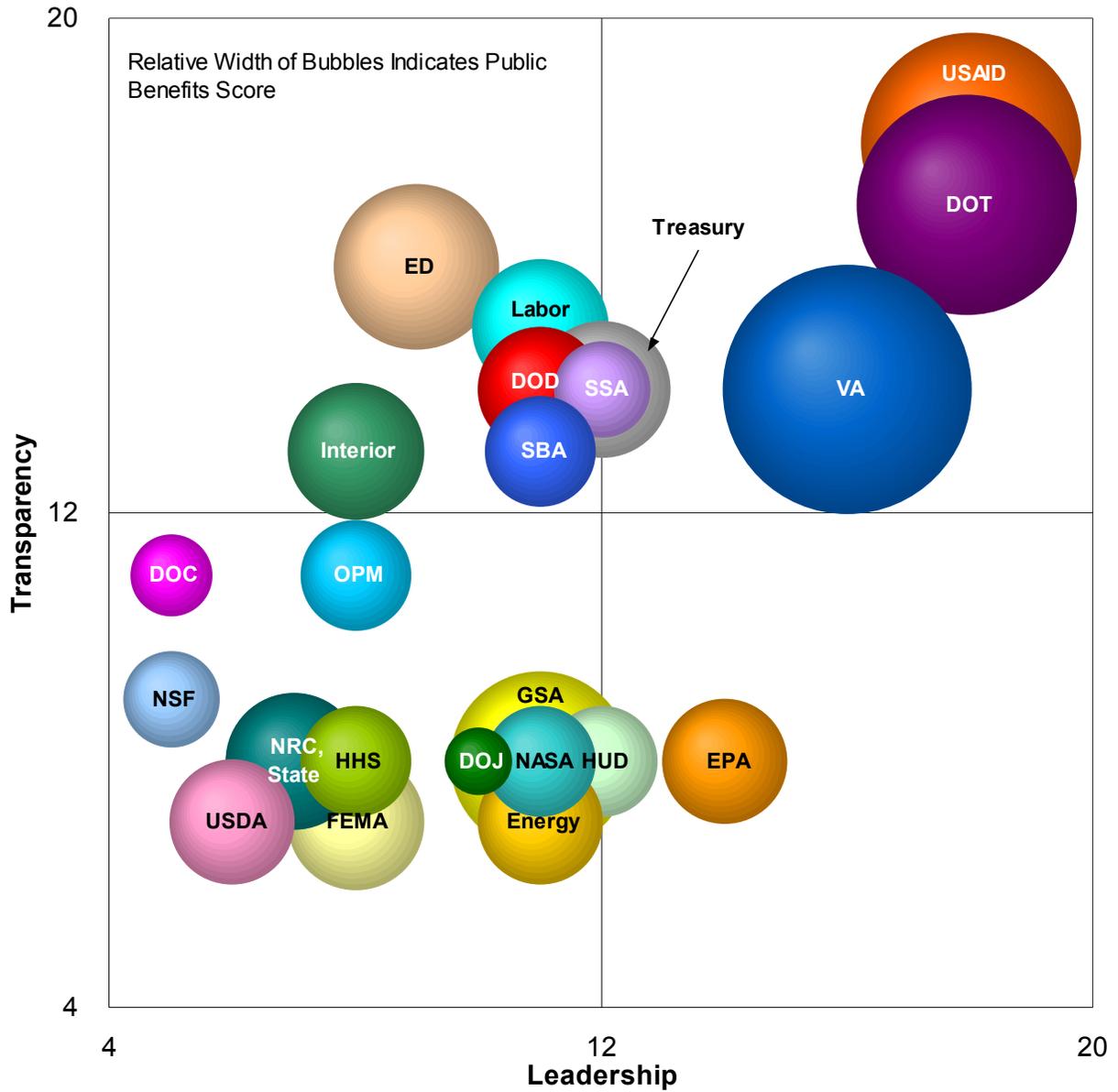


Figure 3
 FY 2000 Annual Performance Report Scorecard

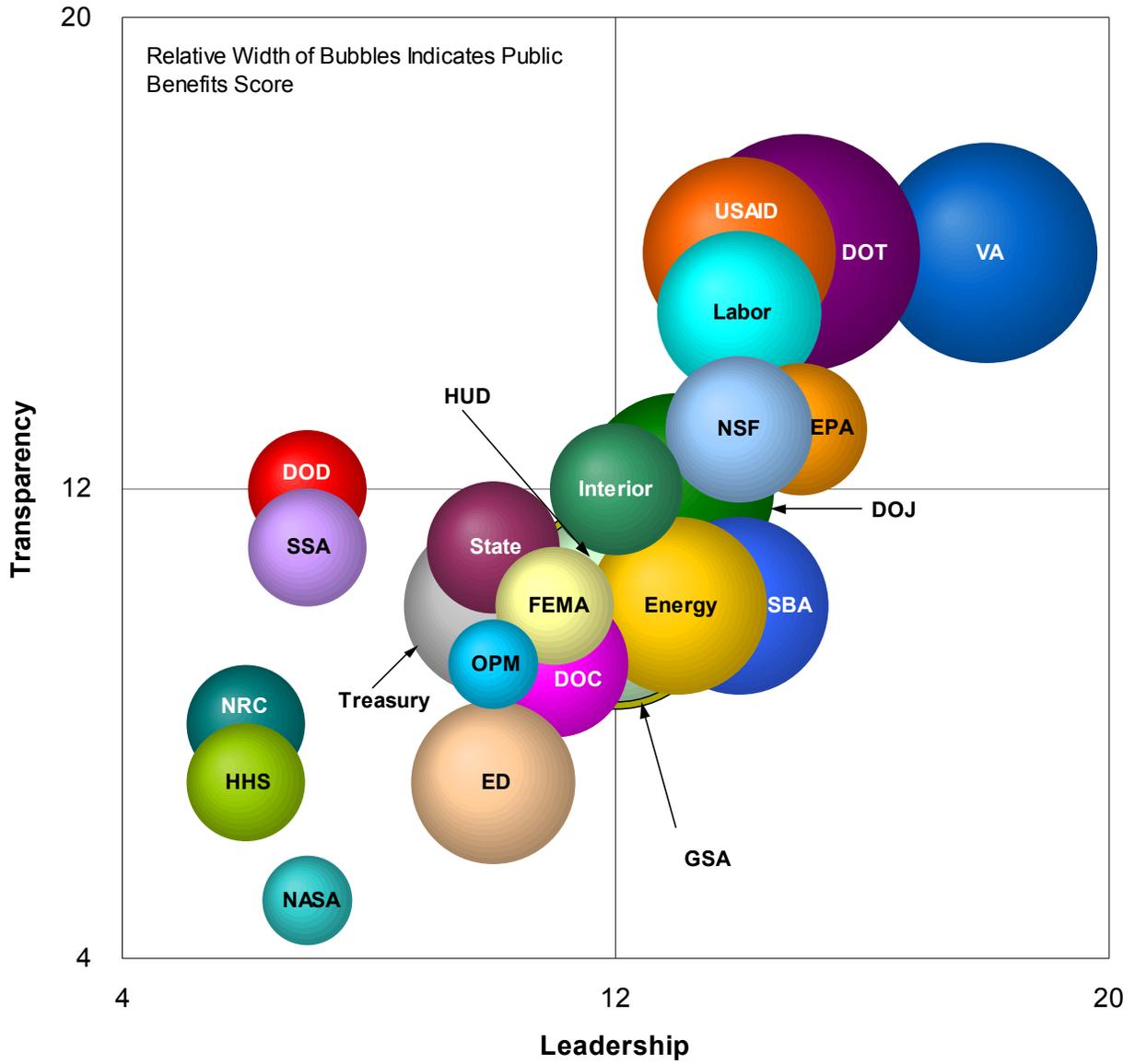
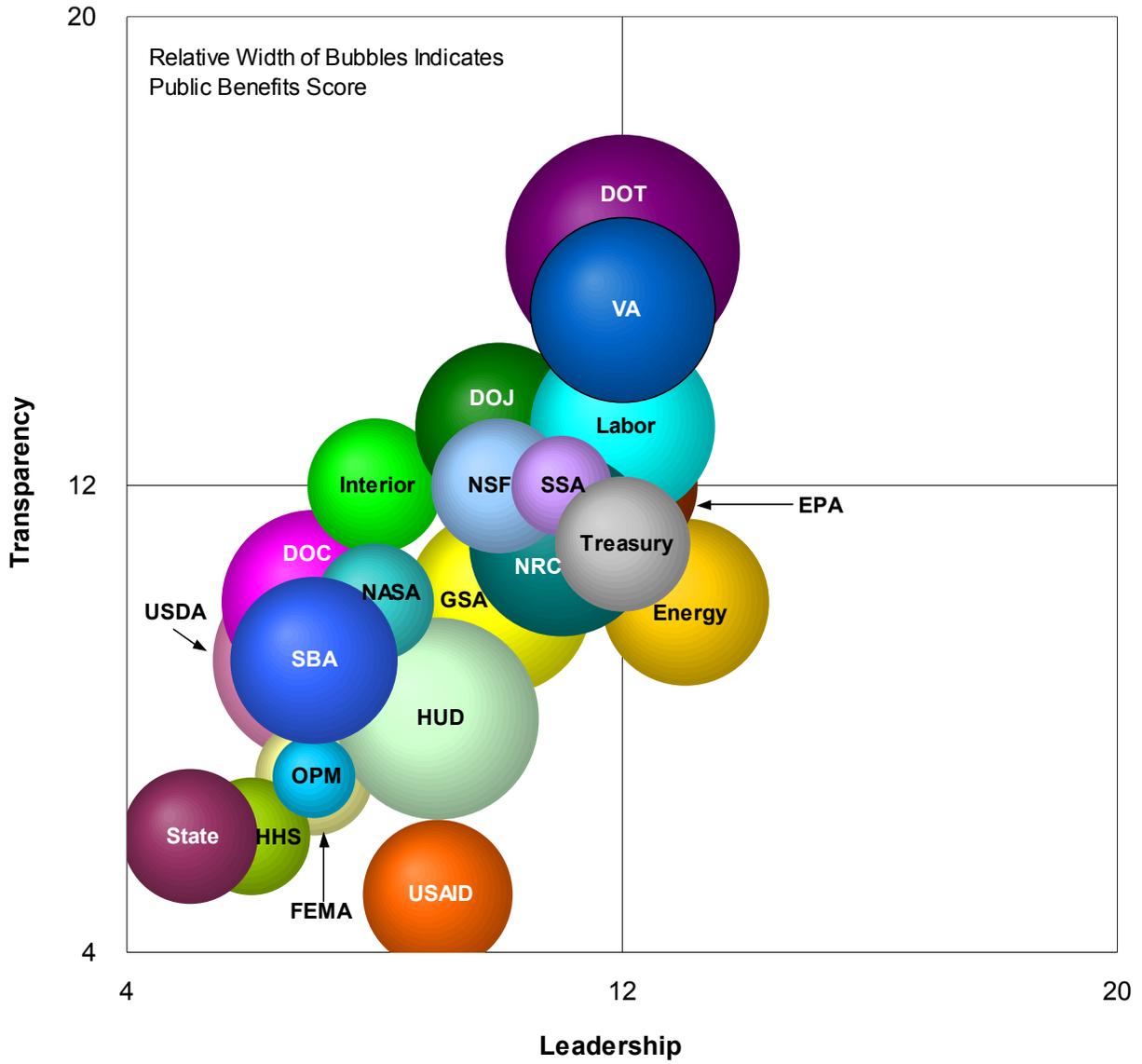


Figure 4
 FY 2001 Annual Performance Report Scorecard



Why the Generalized Failure to Improve Reports?

We can conjecture several possible explanations for this overall failure to improve. (1) Lack of Congressional oversight of GPRA and consequently weak incentives for agencies. (2) An increase in our own evaluative stringency that was faster than the agencies' abilities to climb the learning curve, and (3) FY 2001 was a presidential transition year.

First, we have uncovered no measure of changed overall Congressional scrutiny with respect to GPRA. However, two important champions of increased government accountability—Senator Thompson, and Congressman Horn—will be departing the Congress, and their imminent departure may have given agencies an opportunity to relax their own internal standards. In the future, though, in light of the President's stated desire to link agency budgets to agency performances, it seems more likely that increased Congressional interest could result and that such diminished attention, if any, by the agencies will prove short-lived.

Second, as mentioned earlier, each year our researchers raise the bar in terms of evaluating agencies' annual performance reports. The rationale for this procedure obtains from the observation that agencies should be learning both from their own past experiences as well as from those of the other agencies. Nevertheless, it is possible that our evaluative scrutiny rose at a faster rate than did the agencies' willingness and ability to climb the learning curve. Contradicting this conjecture, however, is the fact that our evaluative standards have been well known for three years,⁹ many agencies actually have been able to improve in prior years, and the standards themselves are fairly simple and straightforward. In other words, despite a rising bar of excellence, agencies should at least be able to maintain a steady state if not always excel. The fact that performance declines were in many cases steep and widespread speaks more to institutional factors.

The fact that 2001 was an executive branch transition year seems the simplest and thus the most likely explanation. That is, discontinuity in leadership may explain some part of this overall failure to improve reporting practices. Moreover, it should be recalled that the uncertainty surrounding the 2000 presidential election probably exacerbated this discontinuity as budgets and staffing decisions were delayed. Although this explanation appears the most plausible of the three, without further research it is impossible to say definitively which factor caused the arrest of progress in report quality or what the relative influences of a combined set of causes might be. We can say with reasonable assurance, however, that if this year's trend continues, it likely indicates a more serious and chronic problem beyond fading Congressional scrutiny, tougher evaluative standards, or a simple transitional loss of focus.

Improvement Is Still Possible

Despite the declines in overall scores, it was still possible for relative rankings to change, and in some cases, to change significantly. NRC, for example, leaped from the bottom quartile of the rankings last year (21st) to the top quartile this year (tied for 4th) by publishing a performance report that showed improvement across nearly every evaluative factor. Especially notable in this connection were NRC's improved focus on outcomes as well as its marked improvements across all leadership scores.

⁹ In July 2001, and again in January 2002, we provided agency officials with the evaluative criteria we would be using to score their FY 2001 annual performance reports.

Treasury, NASA, and the Social Security Administration also made significant progress in their relative rankings among their peers, with each agency moving up about a quartile. In addition, the steady progress in ranking improvements exhibited by the Department of Energy should not be overlooked. Since FY 1999, when it ranked in the bottom half of report scores, Energy has steadily improved to the point where it is now ranked in the top quartile (in a tie for 4th place with EPA, Justice, and the NRC). EPA's score has also steadily improved since 1999, if not as sharply as Energy's.

Steady improvement by some and sharp gains by others suggest there may have been big losses in rank by some agencies. Indeed, there were. The US Agency for International Development (USAID) fell off a scoring cliff as its report score dropped from third last year to 18th this year. USAID scored poorly across the board this year, but its scores were especially troubling in the easiest areas in which it is possible to excel: Namely, in report clarity and in providing trend information to put its past and present results data in context. The Small Business Administration also suffered a sharp decline in rank, going from eighth place last year to 16th place this year—for a drop of nearly two quartiles. SBA scored poorly in data reliability, and its scores across all leadership factors exhibited deterioration as well.

Whither GPRA?

Some have suggested that in light of the President's recently announced Management Agenda, and in light of calls for performance-based budgeting, that perhaps the *Government Performance and Results Act* has outlived its usefulness, or is perhaps superfluous. We respectfully disagree. We suggest instead—to implement the President's Management Agenda, and to undertake rational, performance-based budgeting—that understandable, believable, and strategically-oriented annual performance reports are indispensable building blocks of both processes.

Just as private investors cannot reliably know in which company to invest without credible and timely financial and corporate performance information, policymakers and citizens cannot know which public agencies and programs are providing worthwhile services without credible and reliable performance reports. Quality information that accurately portrays the successes and failures of agencies, the resources used, and the challenges ahead is vital in a world in which budgetary resources will be allocated to those agencies that most clearly benefit the lives of ordinary Americans. Stated differently, agencies ignore at their own budgetary peril, the need for better quality information that policymakers and citizens can rely upon to make informed decisions.

We do concede that, ultimately, agencies may produce credible and reliable performance reports that ordinary Americans can appreciate, and that such a reporting process may eventually become the norm and the to-be-expected of well-run agencies. When that day comes, perhaps, a formal Congressional Act requiring such reporting may then prove superfluous. Given the reports produced by the agencies in FY 2001, however, we are not there yet.

Research Team and Project Design

The scorecard project is headed by the Hon. Maurice McTigue, QSO, a distinguished visiting scholar at the Mercatus Center, and Dr. Jay Cochran, a research fellow at the Mercatus Center. Dr. Tyler Cowen, general director of the Mercatus Center, served as advisory director for the study. An 8-member advisory panel, made up of experts in public management, corporate strategy, and communications, reviewed our evaluations and analysis.

Project Management

The Honorable Maurice McTigue, QSO, Director—Government Accountability Project, and Distinguished Visiting Scholar—Mercatus Center

Dr. Jay Cochran, III, Research Fellow—Mercatus Center

Jan Ivy, Project Manager— Government Accountability Project

Steve Richardson, Advisory Consultant and Researcher

Advisory Panel

| | | |
|---|--|---|
| Mortimer Downey | Principal Consultant | pbConsult |
| John Kamensky | Director, Managing for Results Practice | PricewaterhouseCoopers |
| Dr. Thomas G. Kessler, and Patricia A. Kelley | Director of Training Director of Consulting | Denali Associates |
| Susan Robinson King | Vice President, Public Affairs | Carnegie Corporation of New York |
| Dr. Kathryn E. Newcomer | Professor and Chair, Department of Public Administration | George Washington University |
| Michael A. Rosenbaum | President | Rosenbaum Advisors, Inc. |
| Dr. John Sacco | Associate Professor, Public and International Affairs | George Mason University |
| Chris Wye | Director, Center for Improving Government Performance | National Academy of Public Administration |

Research Team

| | | |
|------------------|---|---|
| Steve Richardson | Ph.D. Student Formerly Associate Director, Government Accountability Project | Department of Economics, George Mason University Mercatus Center |
| Adolfo Laurenti | Ph.D. Candidate | Department of Economics, George Mason University |
| Gerry Williams | Center for Accountability and Performance Fellow Formerly Performance Planning Manager | American Society for Public Administration U.S. Department of Transportation |
| Frank Deal | Director, Regional Performance Assessment Ph.D. Candidate | U.S. Navy School of Public Policy, George Mason University |
| Michelle Bragg | Ph.D. Candidate | School of Public Policy, George Mason University |
| David Mitchell | Ph.D. Candidate | Department of Economics, George Mason University |

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.

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 direct services, such as the General Services Administration or Federal Emergency Management Agency, may find it easier to identify and quantify their contributions than an agency like the State Department.) It will probably take several years before the basic natures of some agency missions ceases to be a binding constraint that prevents some agencies from producing better performance reports.

About the Authors

Dr. Jay Cochran, III (jcochra1@gmu.edu) is a Research Fellow in Regulatory Studies at the Mercatus Center at George Mason University. Before joining the Mercatus Center in October 1999, Dr. Cochran received his PhD in economics at George Mason University, where he was awarded the 2000 William P. Snavely Award for Outstanding Achievement in Graduate Studies in Economics. His paper, "Measuring the Extent of Market During the Inter-War Years," was the 1999 winner of the Earhart Prize for Outstanding Graduate Papers in Economics, and he has been a past recipient of a Claude Lambe Fellowship. Before entering the doctoral program, Jay spent 12 years in industry working for various divisions of AT&T. Dr. Cochran has also received an M.A. in economics in 1998 from George Mason University. He received his M.B.A. in finance and in 1982 and a B.S. in finance in 1981 from Virginia Polytechnic Institute and State University in Blacksburg.

His research has covered the costs and benefits of specific regulations, the volume and effects of regulatory output generally, and emerging areas of regulation such as privacy and financial market regulation. He has been published in both professional and popular periodicals.

The Hon. Maurice P. McTigue, QSO (mmctigue@gmu.edu) is the Director of the Government Accountability Project at the Mercatus Center. He came to the U.S. in 1997 as a Distinguished Visiting Scholar to George Mason University after completing his term as New Zealand's Ambassador to Canada. Previously, as a Cabinet Minister and a Member of Parliament, he led an ambitious and successful effort to restructure New Zealand's public sector and to revitalize its stagnant economy in the 1980s and 1990s. In recognition of his public service, Queen Elizabeth II bestowed upon McTigue the prestigious Queen's Service Order during a ceremony at Buckingham Palace in 1999.

At Mercatus, McTigue is sharing the lessons of his practical experience with policymakers in the United States. He works with officials in the Administration, members of Congress and executives in scores of federal agencies on applying the principles of transparency and accountability in the public sector. He frequently speaks at conferences on performance issues and testifies before congressional committees on issues of government reform. McTigue co-authored the Mercatus Center publication *Putting a Price on Performance: A Demonstration Study of Outcome-Based Scrutiny*.

Steve Richardson (stevenr@erols.com) led the research effort for this project as a consultant. For the last 3 years, as Associate Director of the Government Accountability Project, he was the primary federal agency contact and researcher for activities of the Mercatus Center that focused on government performance planning and reporting. Mr. Richardson also co-authored last year's Scorecard publication, and has had a major role in the project since its inception in 1999. In addition, he conducted research and co-authored the December 2000 study *Putting a Price on Performance: A Demonstration Study of Outcome-Based Scrutiny* – a comparison of federal programs with similar goals.

Before joining the Mercatus Center, Mr. Richardson spent 20 years in business, first as a petroleum engineer and then as vice president of a supplier/manufacturer. He earned his bachelor's degree in chemical engineering at M.I.T and is currently enrolled as a doctoral student in economics at George Mason University

About the Mercatus Center

The Mercatus Center at George Mason University is a university-based research center dedicated to improving public policy outcomes. We do this through scholarly research of market processes, public institutions, as well as through the development of practical applications, and we communicate the knowledge we discover to policymakers, opinion leaders, and the public. The aim of our work is to enable individuals to live free, prosperous, and peaceful lives.

Under the direction of the Holbert Harris Professor of Economics, Tyler Cowen, the Mercatus Center is at the core of a community of students, scholars, and decision-makers. This community works together to build and apply an understanding of how individuals cooperate through the market and political processes.

About the Government Accountability Project

The Mercatus Center's Government Accountability Project's goal is to help improve government's funding and policy decisions by making transparent the public benefits produced with citizens' resources. Full transparency brings praise and criticism of results – and, eventually, change – based upon maximizing outcomes and minimizing expenditures.

Since 1997, the Mercatus Center's scholars have used a variety of tools to focus attention on public benefits produced as the most critical factor in government decision-making. When quality information is available, linking performance and appropriations can maximize effective use of public resources.

For more information about the Mercatus Center and the Government Accountability Project, visit our adjoining websites (www.mercatus.org and www.GovernmentAccountability.org), or you may telephone (703) 993-4930.

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

Appendix A

Agency-by-Agency Scoring Summaries (in FY 2001 Rank Order)

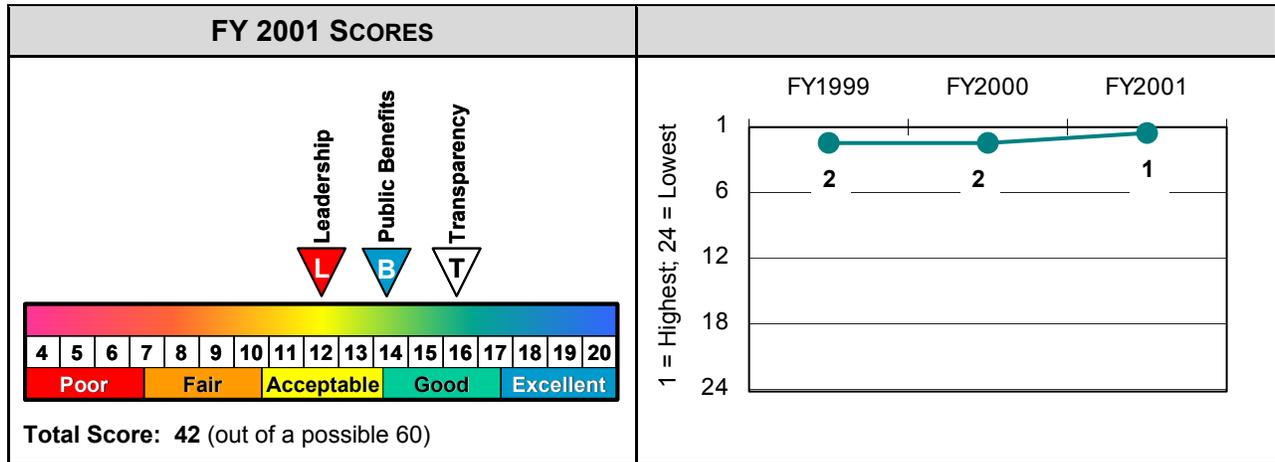
This appendix summarizes the scores received by each agency in the three major scoring categories: Transparency, Public Benefits, and Leadership. Each agency summary appears on a separate page in rank order from highest to lowest. The graphic that heads each agency summary page contains two sections. The left side displays the scores each agency received in the three categories this year (FY 2001). The right side graphs the rankings each agency has earned on the scorecard for FY 1999, FY 2000, and FY 2001.

For example, the Department of Transportation this year earned scores of 16, 14, and 12 on the Transparency, Public Benefits, and Leadership criteria respectively. The total of these scores (42) earned DOT the number one rank this year among its peers. DOT's number one position in FY 2001, moreover, reflects an improvement over the previous two years when it ranked second each time.

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 scoring categories: Transparency, Public Benefits, and Leadership.

Department of Transportation (DOT)

FY 2001 Rank: 1



Transparency

- Home page link to report cannot be missed. Document divided into separate sections and available in both HTML and PDF formats.
- Organization and formatting are excellent. Report is easy to read and navigate, and provides a host of useful information.
- Discussion of performance data is excellent.
- Several years' of actual data and targets are provided to put performance into broader perspective.

Public Benefits

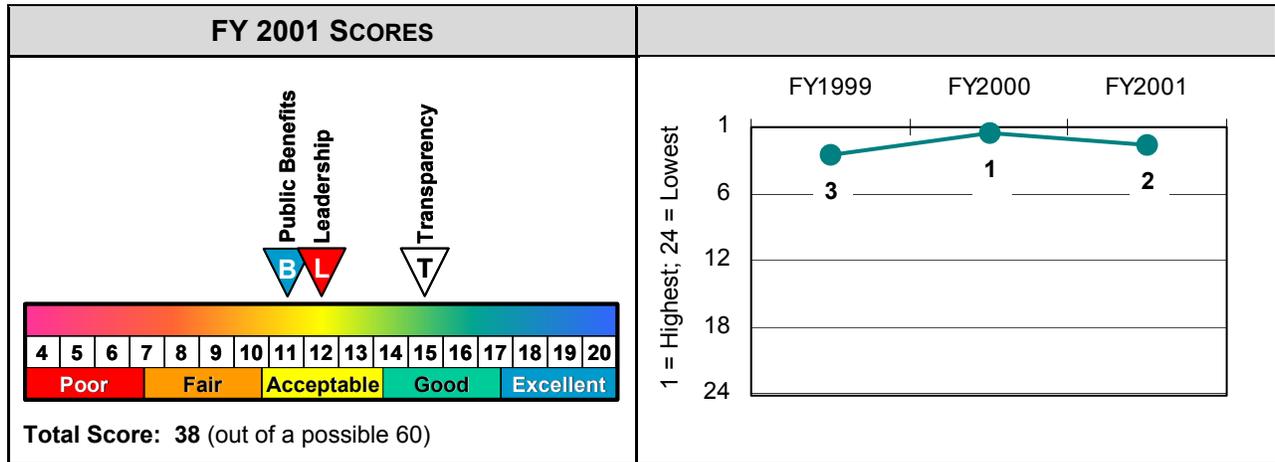
- Strategic Goals, Strategic Outcomes, and Performance Goals are all stated as outcomes.
- Performance measures are valid and links to relevant goals are usually obvious.
- The extent to which DOT influences outcomes is difficult to see even though data are clearly presented.
- Funding for each performance goal shown in charts, but no discussion of how budget allocations link to department performance.

Leadership

- The Secretary's claim of "excellent progress" is inconsistent with reported results (i.e., met just 57% of targets).
- When failures are cited, explanations tend to hang failures on external factors rather than departmental performances.
- DOT provides an exemplary, integrated approach to its discussion of management challenges.
- Department strives to improve measures even where it is already meeting goals.

Department of Veterans Affairs (VA)

FY 2001 Rank: 2



Transparency

- Link to report appears on home page, and report divided into 18 separate (small) sections.
- Report is well-organized and the table of contents is very good. Scorecard on goal attainment is helpful.
- VA is very transparent regarding its performance data, but focus remains on methods rather than quality.
- Most key measures carry five years' worth of data. Key measures, even though activity-based, are well-supported in the accompanying text.

Public Benefits

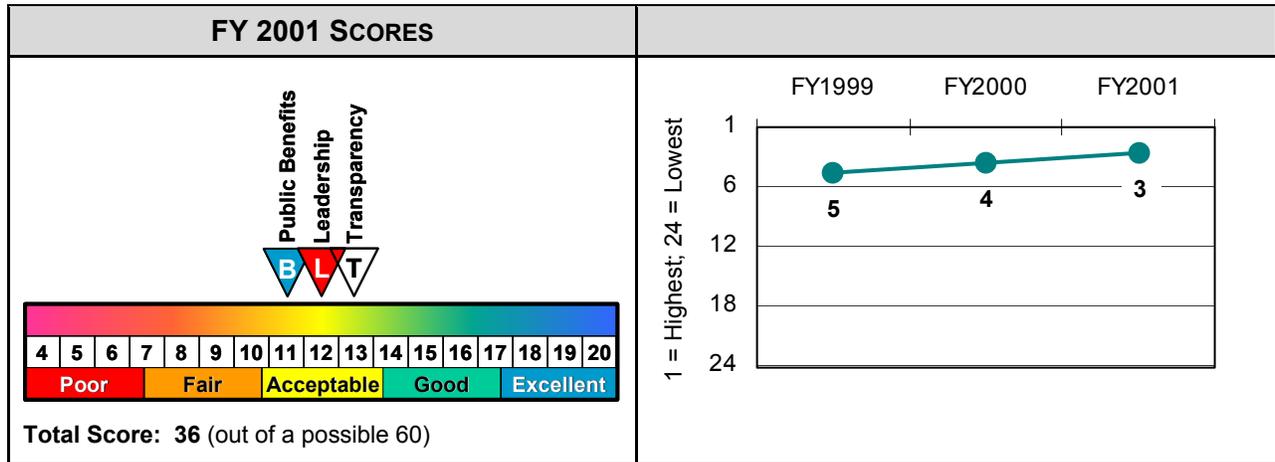
- Strategic goals are outcome-oriented, but Key Performance Goals are mostly activities.
- Connections between department's activities and outcomes are unclear. Actual health, prosperity, and sense of honor for all veterans are not measured.
- External Factors sections should discuss others' contributions, not just barriers they impose on VA's success.
- No discussion of cost-effectiveness or how resource usage and performance are related.

Leadership

- Secretary's letter is exemplary. Goals and measures, however, are not outcome-focused and the report does not effectively link VA work for veterans to the welfare of all Americans.
- All failures to meet individual performance goals are admitted and addressed; discussion of strategic goal failures is limited.
- Management challenges identified by the IG and GAO are extensively discussed.
- VA apparently wants to improve, but isolated plans for improvement are not part of a discernable, department-wide strategy.

Department of Labor (DOL)

FY 2001 Rank: 3



Transparency

- Report linked on department home page. Report is sectioned for easy downloading and contact information provided for requesting hard copies or making comments.
- Structure and layout are very user-friendly with an impressive variety of navigation aids. Executive Summary is excellent.
- Data sources listed but cannot be independently verified. IG acknowledges data access and quality problems.
- A few years' results and targets are shown, making trends apparent.

Public Benefits

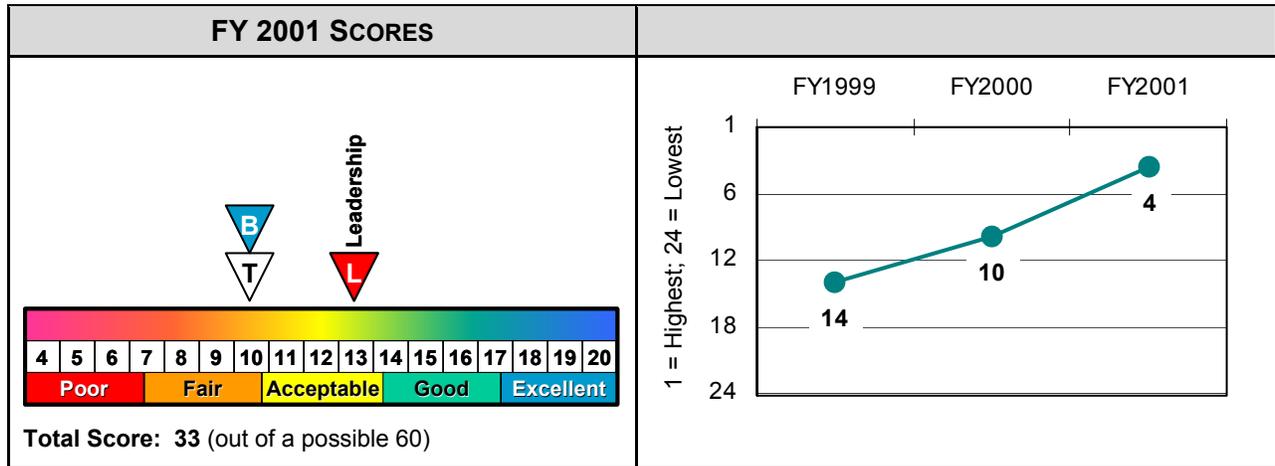
- Strategic goals and objectives are clearly outcome-oriented.
- Performance measures tend to target specific areas/industries without indicating why these are selected or considered representative.
- Performance measures too narrowly defined to link agency activities with social outcomes.
- Executive Summary breaks down outcome goals and resource allocations and provides three-year trends of these figures.

Leadership

- Though the Secretary indicates enthusiasm and commitment, lack of clear connection between agency actions and outcomes goals remains problematic.
- Explanations are logical, but often omit justification of targets and blame grantees or states.
- Problems and management challenges are explained and plans for further action are presented in a manner reflective of serious concern and attention.
- DOL Challenges for the Future presents vague goals instead of outlining specific changes in future performance plans based on current programs' effectiveness.

Department of Energy (DOE)

FY 2001 Rank: 4



Transparency

- DOE's report is not easy to find on the department's website, and is available for download only as a single (3.8MB) file.
- Organization, format, and language are excellent. Complex, technical information effectively simplified.
- Data provided do not correspond to outcomes or even outputs, but rather to task completion.
- Three years of results provided for each goal, but in narrative form and against changing goals with multiple targets. Results data are thus only minimally useful.

Public Benefits

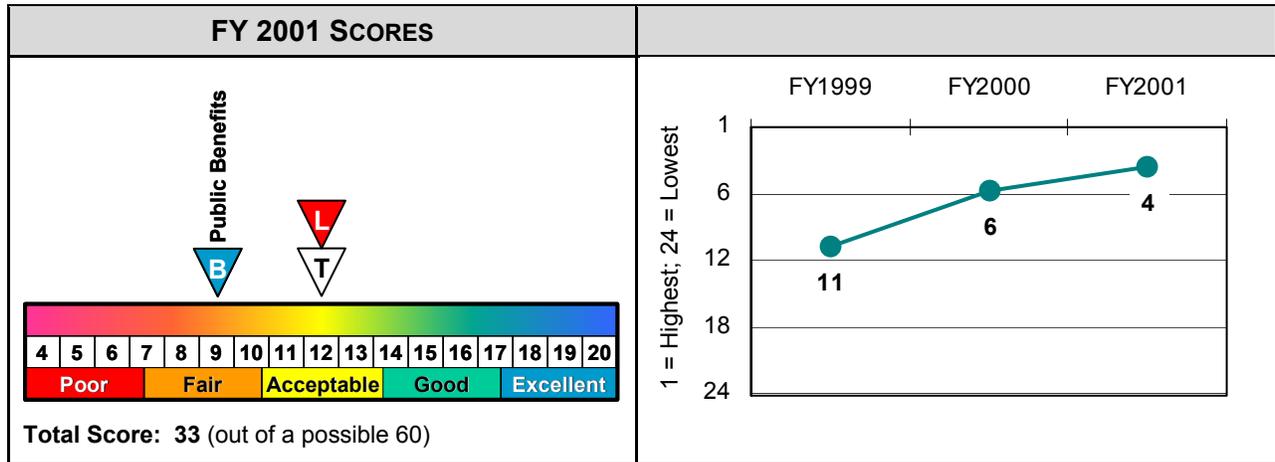
- Goals typically stated as activities rather than outcomes.
- Milestones unclearly linked to outcome accomplishment.
- Challenges are broad with many external factors, so the department's impact is difficult to isolate.
- Presentation of cost data ineffectively linked with outcomes and no cost-benefit data apparent.

Leadership

- Report is unclear how Americans benefit directly from DOE actions.
- When goals are missed, a plan of corrective action is provided.
- Treatment of departmental challenges is creative and effective.
- Some strategic shifts apparent, especially in the case of corrective action for a program that did not yield sufficient return on investment.

Environmental Protection Agency (EPA)

FY 2001 Rank: 4



Transparency

- Report is available from the “About EPA” web page and it is broken into sections for more convenient downloading.
- Professional and logical narrative with liberal use of tables, graphs, and boxes add to clarity.
- EPA recognizes that timeliness and quality of its data remain disappointing. No references cited to independent validation of data.
- Annual changes to performance measures make trend detection impossible. Such trends as are cited are disconnected from EPA’s activities.

Public Benefits

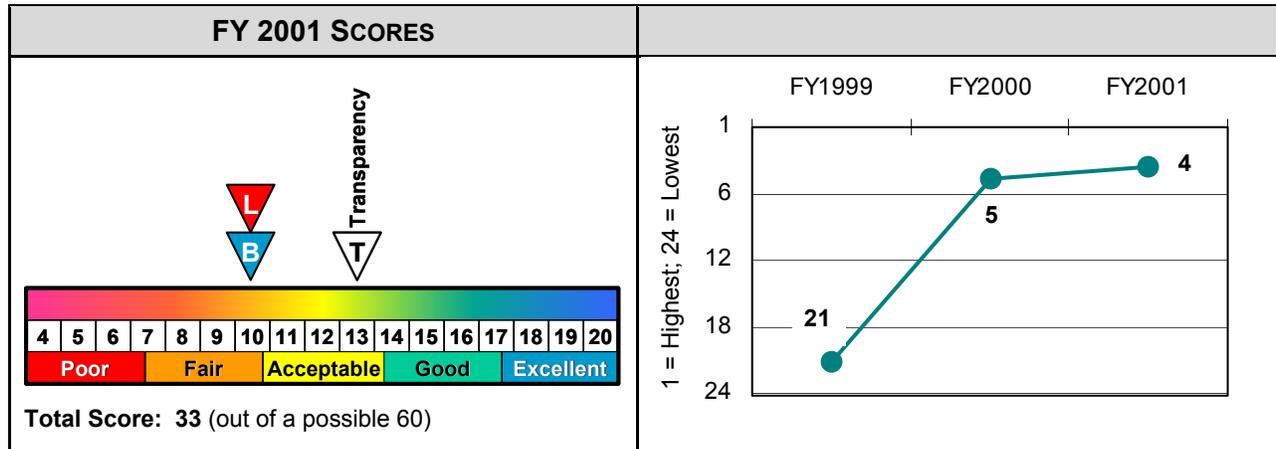
- Strategic goals too numerous, with most being non-strategic outputs. Many goal statements are needlessly complicated by specification of accomplishment methods.
- Too many of EPA’s measures assume an impact rather than demonstrating one.
- Goal overviews provide some evidence that EPA actions contributed to its goal achievement, but they are not at all clear about how or how much EPA contributed.
- No apparent linkage between agency costs and benefits claimed.

Leadership

- Links between agency results and the nation not clearly established. A focus on rule-making betrays an assumption that rules as such generate improvements.
- Acknowledgement but little explanation of failures to achieve goals.
- Comprehensive discussion of management challenges and agency plans to resolve them.
- “Looking Ahead” in overview section reveals some new thinking about methods, but report does not give an overall impression agency is taking on larger strategic challenges.

Department of Justice (DOJ)

FY 2001 Rank: 4



Transparency

- Web page devoted to report conveniently organized like a table of contents.
- Document well-organized with consistent, helpful formatting. Goals and measures remain too numerous, however, with little attempt at summarization.
- Data reliability left unaddressed.
- Every results measure illustrated in a nearby bar chart, usually with 2-3 years of supporting data.

Public Benefits

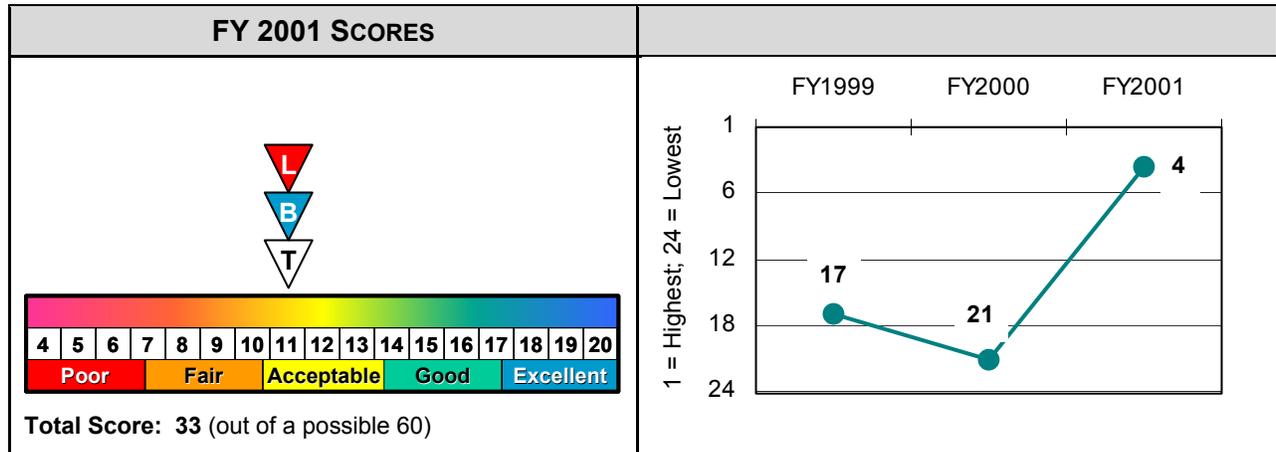
- Strategic goals and objectives are a mixture of activities and outcomes.
- Measures presented are not best evidence of departmental impact on outcomes.
- Measurement of law enforcement effectiveness is described and some program evaluations discussed. Actual results harder to find.
- No linkage established among staffing, expenditures, and results achieved.

Leadership

- Attorney General's letter declares a major shift in priorities toward homeland security that is unsupported by the rest of the report.
- Without a summary of goals met/not met it is difficult to identify failures. Such explanations as do exist tend to be weak and do not indicate acceptance of responsibility.
- IG's comments are insightful. Departmental response is incoherent.
- Problems related to border security, post-9/11 are conspicuously absent as is any discussion of problems within or solutions for the Immigration & Naturalization Service.

Nuclear Regulatory Commission (NRC)

FY 2001 Rank: 4



Transparency

- Report difficult to locate on website, and can only be downloaded as one (2.3 MB) PDF file.
- Commission simplifies technical matters well by adopting plain language in its report.
- Data cannot be independently verified, and independent opinion on data quality missing.
- Several years' data presented for each performance goal.

Public Benefits

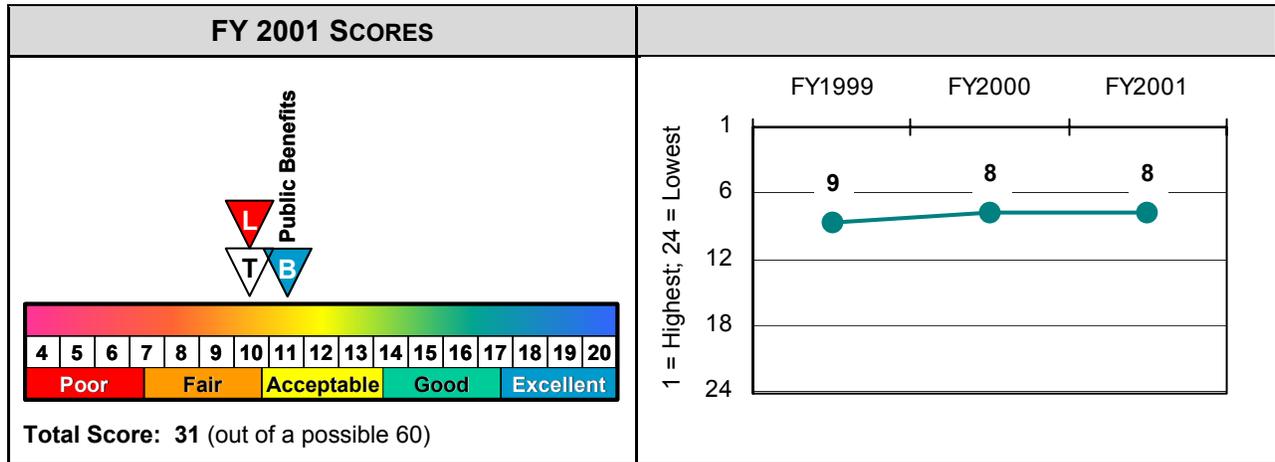
- Strategic goals stated in outcome terms; performance goals are vague.
- Performance measures are insufficient indicators of agency's success in attaining desired outcomes. Causal linkage not established.
- NRC seems to recognize a need to document how their activities make a positive and significant influence on safety.
- Though much funding data are provided, no unit cost data or benefit-cost analysis conducted.

Leadership

- Chairman's letter is excellent and the introduction addresses implications of 9/11 and of power industry deregulation. Remainder of document focuses on compliance.
- Only one case cited where agency failed to meet a goal and even then, discussion was limited.
- Discussion of management challenges lacked urgency and did not link challenges faced to goal achievement.
- Little forward-looking discussion of future performance-goal improvements.

General Services Administration (GSA)

FY 2001 Rank: 8



Transparency

- GSA’s report is two links deep in the website. It is available in both Word and PDF formats.
- Language is straightforward and layout is clean, but despite the visual appeal of the document, it reads like a collection of separate business units’ reports.
- Agency-wide discussion of data limitations is too brief. Each unit instead discusses its own systems and definitions, leading to inconsistency.
- Data for three to four years accompany each measure.

Public Benefits

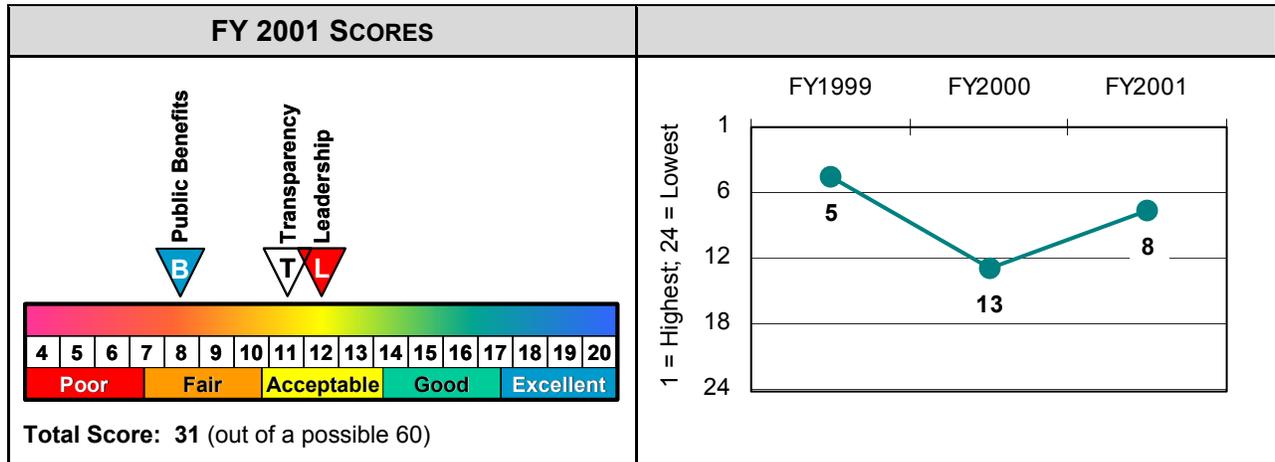
- Most goals and objectives discussed are activities but some are outcome-oriented.
- GSA’s measures are a mix of activities and outcomes. Some links to outcomes goals weak or non-existent.
- GSA uses some helpful examples that compare its effectiveness to market alternatives.
- No cost-effectiveness data are provided for agency-wide performance.

Leadership

- Professionalism and competence merit some recognition; however, leadership is missing. Discussion of the overall agency is limited to one page and new strategic goals not shared.
- Explanations for failing to meet targets are uneven.
- Discussion of management challenges identified by IG, GAO, and Senate Government Affairs is adequate.
- New measures may improve agency’s focus on results, but the little attention devoted to its use of existing information does not earn the reader’s confidence.

Department of the Treasury (Treasury)

FY 2001 Rank: 8



Transparency

- Report difficult to locate on website, but report is broken into 15 PDF sections for downloading.
- Introduction is excellent, as are the structure, formatting and use of graphics.
- Data sources are not provided and quality is suspect.
- Trend data are provided for 2-3 years past, as are projections for future years.

Public Benefits

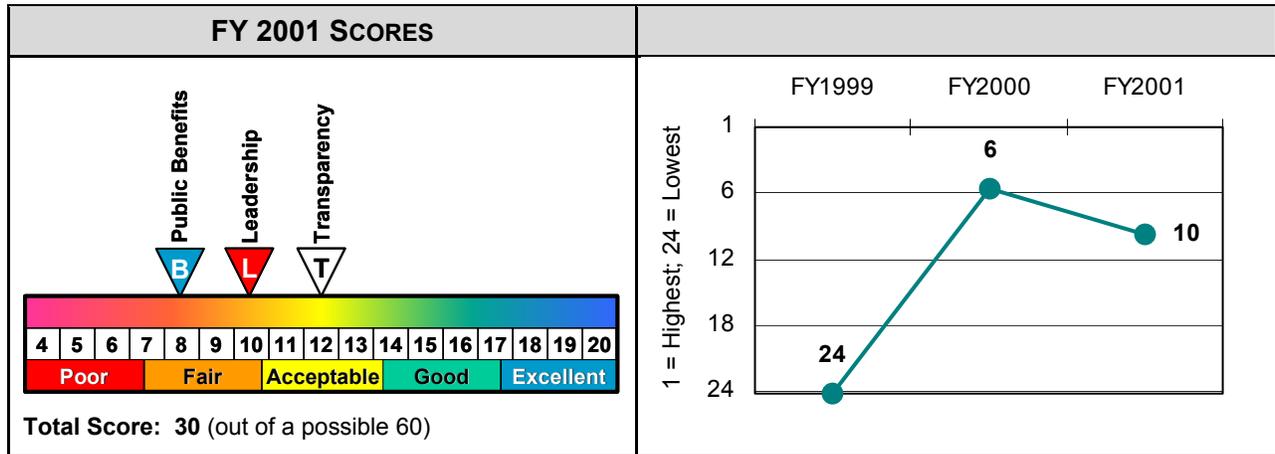
- Generic strategic goals, focused mainly on activities. Objectives and annual performance goals not listed.
- Definition of “key” indicator demonstrated an exemplary connection between measures and the strategic goals they support; although most measures, by Treasury’s own admission, are output-oriented.
- With very few relevant measures to support its claims, the evidence put forth is insufficient.
- Cost data provided, but not linked to results.

Leadership

- Secretary’s message indicates a professional, accountable organization; however, plans and results presented failed to substantiate this impression.
- Department seems to lack information that would confirm or deny goal achievements.
- Treatment of management challenges is uneven, and full text of the IG’s report is missing.
- Overall impression remains that policies and procedures are being questioned, but answers remain unclear.

National Science Foundation (NSF)

FY 2001 Rank: 10



Transparency

- Report directly accessible from home page and is partitioned into individually downloadable sections.
- Report's purpose is unclear and it is uninteresting to read.
- Agency takes data issues seriously. An outside auditor was hired to evaluate performance measurement processes and results.
- Some trend data provided, but most outcome goals are new and lack data before 2001.

Public Benefits

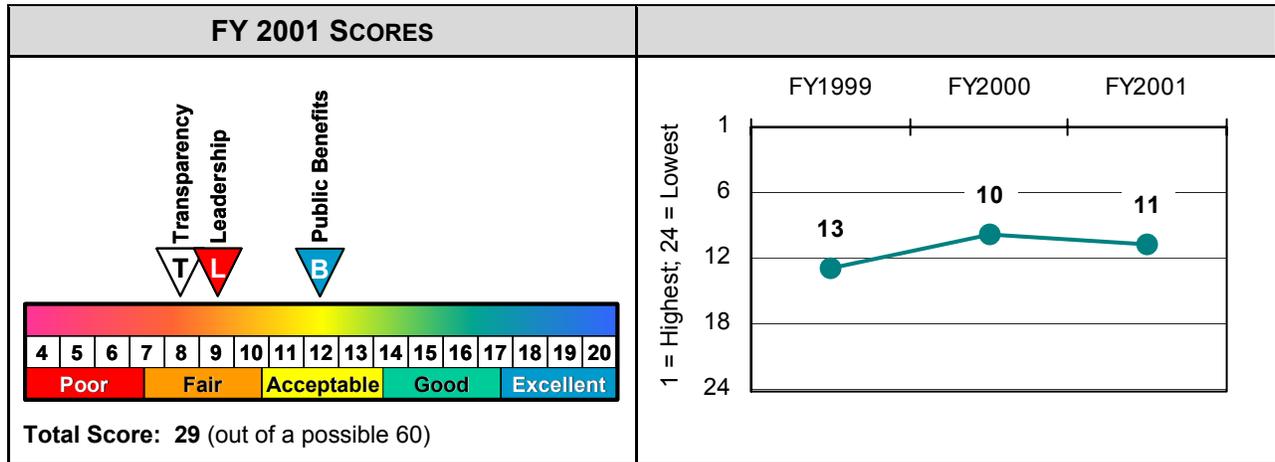
- Few goals are outcome-oriented.
- Measures may be valid but are poorly formulated and not well explained. Criteria for "significant achievement" left undefined.
- Unclear whether NSF funding provided the marginal difference recipient scientists needed to succeed.
- No discussion of cost-effectiveness.

Leadership

- Director's letter appears to exaggerate agency's role in supporting learning.
- Failures are admitted and explanations are adequate.
- Management challenges and the agency's response to the IG's report are discussed, but their impact on goal achievement is unclear.
- Director's letter mentions global reliance on an inspired science and engineering community, but the report fails to show how NSF will supply that inspiration.

Department of Housing and Urban Development (HUD)

FY 2001 Rank: 11



Transparency

- HUD's report is not posted on its website.
- Although well-written using relevant information, structure and format are not user-friendly and language tends toward the bureaucratic.
- Data sources are discussed but without sufficient information to permit independent verification.
- Most indicators provide four years' data.

Public Benefits

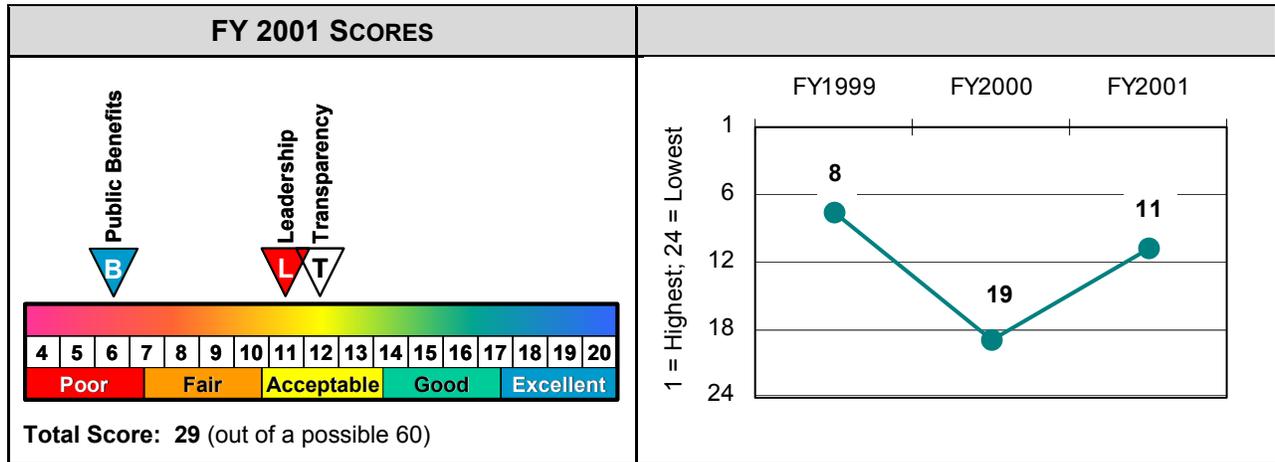
- Strategic goals are outcomes even though stated as activities.
- HUD appears to have an excellent grasp of the difference between an outcome and output.
- Programmatic Output Indicators unlinked to Outcome Indicators, leaving connections implied rather than demonstrated.
- No linkage of costs and goals.

Leadership

- Though goals and measures are good and the Secretary's letter indicates leadership, HUD fails to demonstrate clearly how it will achieve its goals or how it has done so in the past.
- Explanations of goal achievement failure often rationalize shortfalls by blaming poor data or external factors.
- Though challenges are identified and corrective actions cited, no timetable for resolution suggests weak commitment.
- No clear plan to improve performance at department or strategic levels and in some cases indicators that reveal problems are left completely unaddressed.

Social Security Administration (SSA)

FY 2001 Rank: 11



Transparency

- Though report linked from home page and sectioned, some sections still large (> 1 MB).
- Graphics in overview are helpful and language is simple and direct. Acronyms are widely used and not always explained in context.
- Most data sources are internal and cannot be verified independently, but discussion of data quality is thorough.
- Although trend data are provided, almost all appear as process-oriented data with the exceptions of the Financial Highlights section and the barometer measures.

Public Benefits

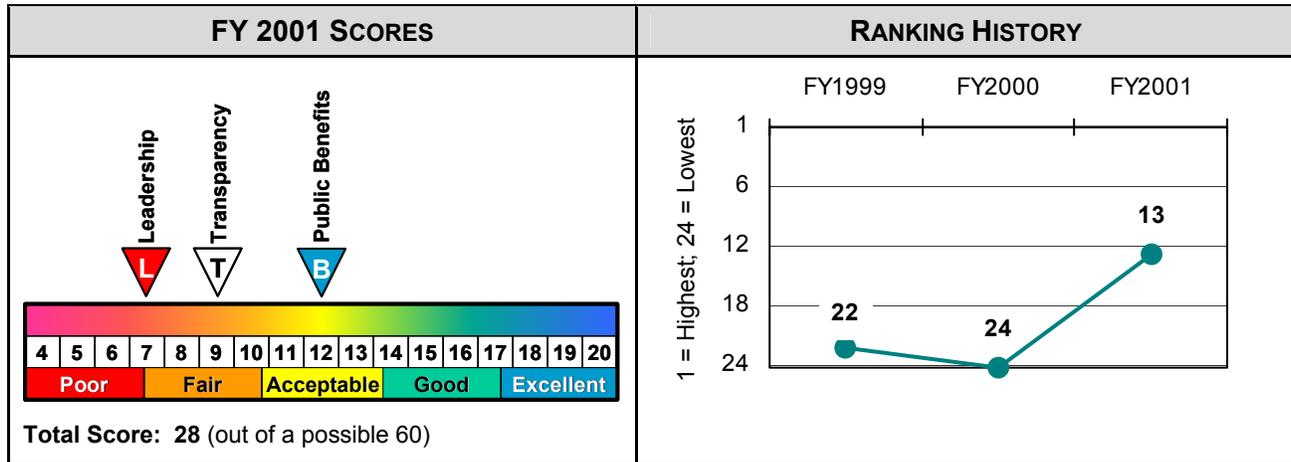
- Most goals are agency-centered activities or outputs.
- Little indication given how agency's performance indicators affect social outcomes. Barometer measures could have served this purpose, but did not.
- Connections between measures (world-class service, reduced fraud, etc.) and goals (improved the economic well-being of the nation) are assumed rather than established.
- Little appears in the document to tie program allocations to goals, objectives, or decision-making.

Leadership

- Vision and commitment to economic security not supported by administrative functions.
- Clear and concise summaries appear establishing which goals were not met, and why.
- Major Issues section demonstrates an appreciation of challenges facing agency.
- Forward vision is unevenly demonstrated and not very bold where it does appear.

Department of Agriculture (USDA)

FY 2001 Rank: 13



Transparency

- USDA's FY 2001 Annual Program Performance Report is not on the department's website and was therefore judged as not easily accessible.
- Report is well-organized with consistent formatting, although, some analysis is confusing.
- Department provides assessments of data quality for each indicator cited. No independent validation or certification provided.
- Determinations of met and unmet targets appear arbitrary.

Public Benefits

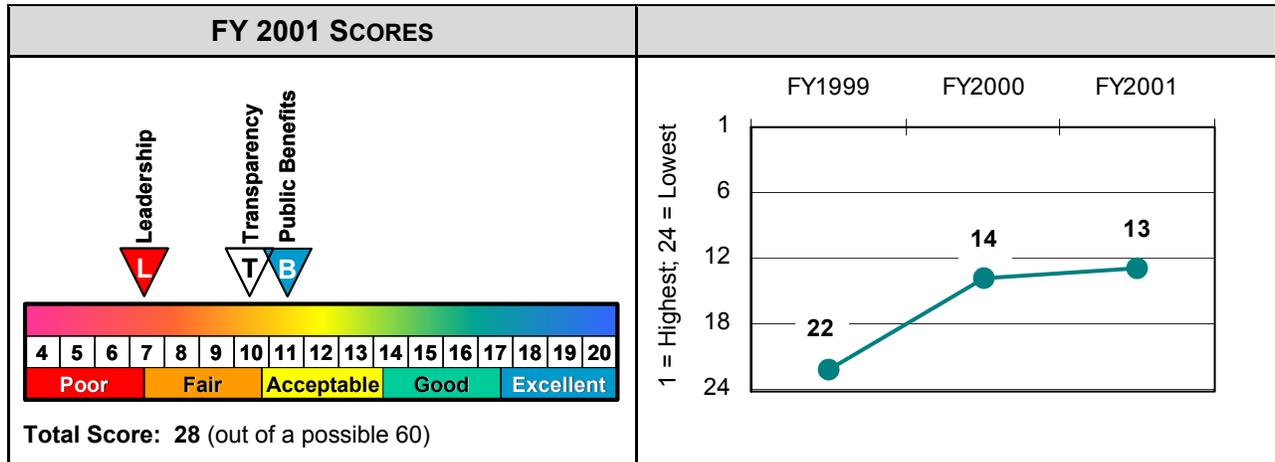
- All but a few Goals, Objectives, and Key Outcomes are stated as outcomes.
- Performance measures appear to have logical connections to key outcomes, but the nature of the relationship is unexplained. Majority of measures are outputs.
- Connections between agency actions and its stated goals are never explicitly stated, and contributing external factors are rarely mentioned.
- Costs are allocated to the four strategic goals, but no information appears to link these costs to results.

Leadership

- Strategic goals are unexplained; record and plan are vague.
- Admitted failures to meet goals not well-explained. Many claims of goals met are unsupported and some are even contradicted by accompanying data or discussion.
- Challenges to the department as identified by GAO and the IG are presented in an Appendix, but future plans for addressing them are insufficient.
- The only cited plans for improvement appear at the program, rather than strategic, level.

Department of Commerce (DOC)

FY 2001 Rank: 13



Transparency

- Links to the report appear on the main DOC web page, and on the budget office's page.
- Report is very long with few navigational aids (e.g., table of contents) or summary tools (e.g., graphics).
- Measures are explained and accompanied by description of process, but not of data quality.
- Report provides targets and actual results for each measure from 1999 to 2003.

Public Benefits

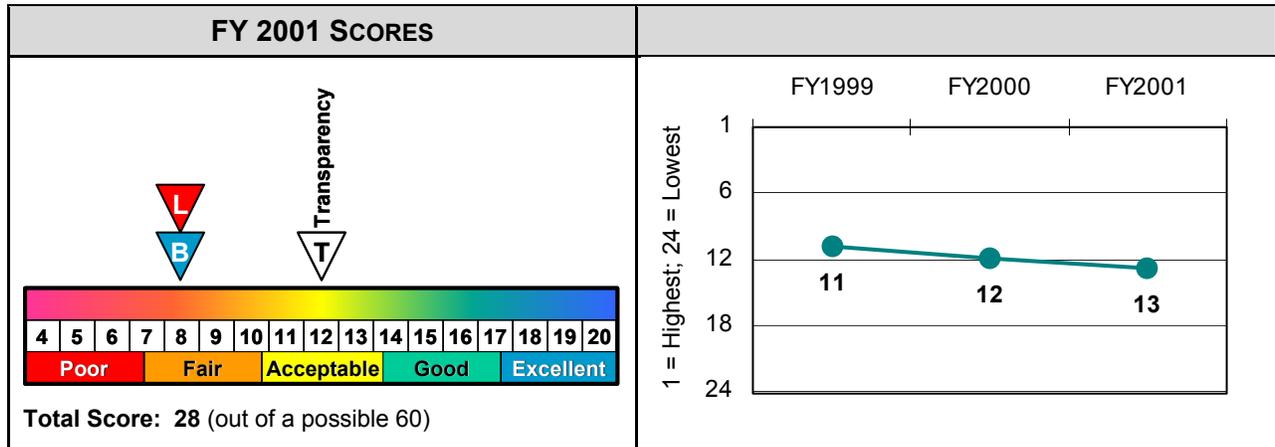
- Strategic goals are activities, performance goals are mostly outputs rather than outcomes.
- Actual departmental measures, however, are more outcome-oriented than the goals they support.
- Nothing presented ties achievements cited by the department to the department's activities.
- Each bureau links its resources and funding to individual performance goals but with little additional discussion or analysis.

Leadership

- Although department leadership appears positively disposed to results, their plans are insufficiently clear and rest on a weak results foundation.
- Summaries do not indicate which goals were met.
- No mention made of departmental challenges, and discussion of bureau challenges are discussed as if the department itself has no responsibility, but is instead acting as a consultant.
- Program Changes and Priorities section indicates a potential shift in strategy; however, the changes do not spring from current performance information.

Department of the Interior (Interior)

FY 2001 Rank: 13



Transparency

- Link to report appears on home page, and report is broken into separate files with instructions for downloading.
- Writing style is easy to follow and format consistent, though long-term goals and annual performance goals not clearly linked.
- Processes and data sources transparent, yet there is no overall assessment of data quality or evidence of independent validation or verification.
- A few years' results and targets shown in easy-to-read tables. Graphs not helpful though.

Public Benefits

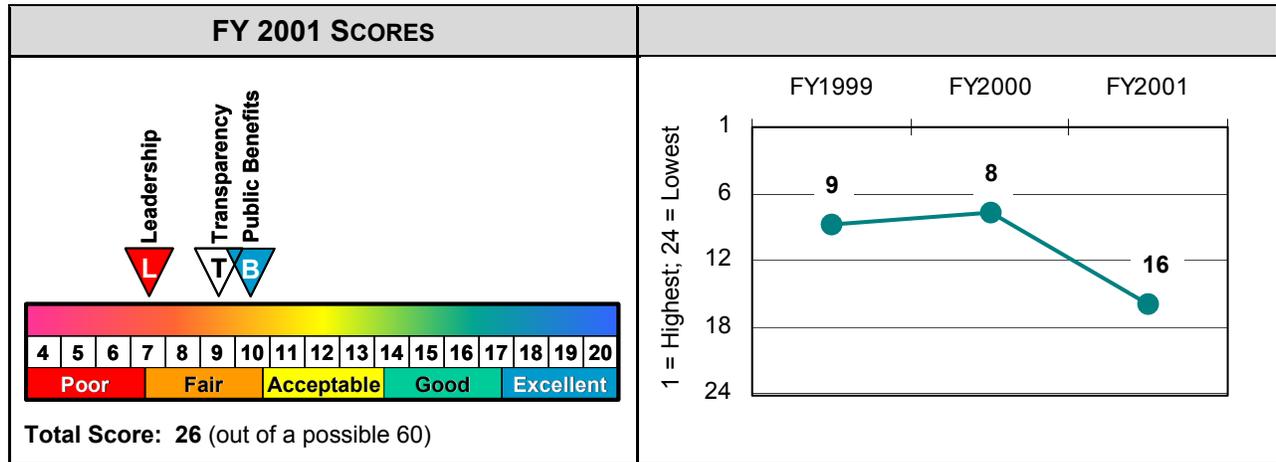
- Strategic goals are outputs not outcomes; annual performance goals are stated as activities.
- Why certain measures are considered “key” is not defined.
- Program evaluations do not effectively link actions to results.
- Two-page discussion of costs focuses on new initiatives rather than analysis of the effectiveness of past years' expenditures.

Leadership

- Vision limited to tagline: “Guardians of the Past, Stewards for the Future.” Remainder of report focuses on outputs rather than outcomes and plans are process oriented.
- Department attempts to excuse rather than explain its failures to meet its own targets.
- Challenges are listed without any description, IG report, reference to goals affected, or specific plans for resolution.
- Vague and flowery references to process (e.g., “forge partnerships,” “engage customers,” “apply new techniques and benchmark,” etc.) substituted for substantive discussion of significant changes that can be tied to outcomes.

Small Business Administration (SBA)

FY 2001 Rank: 16



Transparency

- Report on website, but the zipped files can be cumbersome if one does not already have the unzip utility. One section took more than 10 minutes to download with a 56K modem.
- The report contains well-ordered, pertinent information. However, excessive use of acronyms and crowded presentation of highlights mars an otherwise good report.
- SBA admits to data accuracy problems. Data cited cannot be verified from outside.
- Presentation of many new measures makes performance trends difficult to establish.

Public Benefits

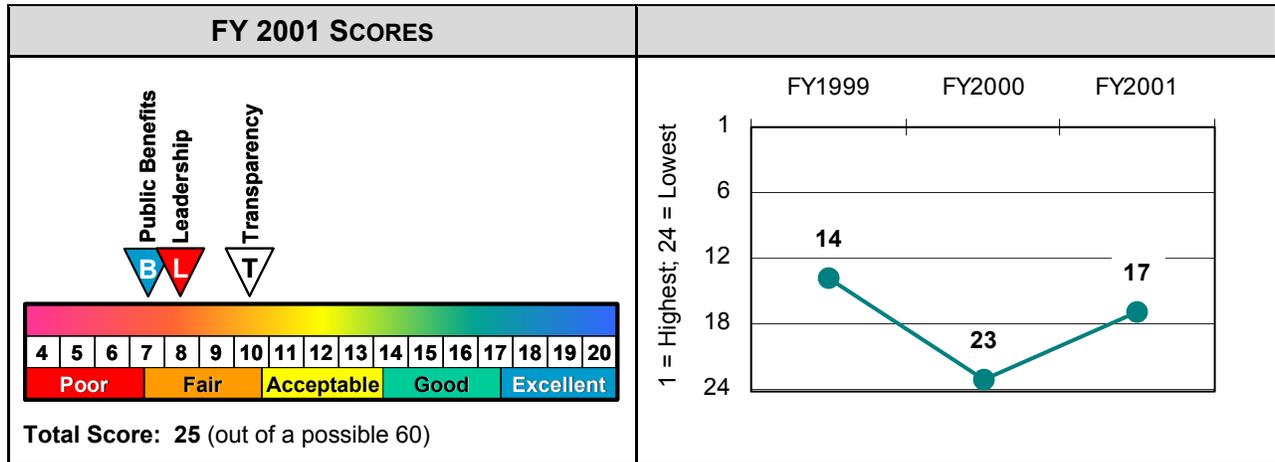
- Agency goals are mostly indicators of outputs.
- Measures presented support narrowly defined output goals. It is difficult to disentangle agency's effectiveness, since measures cited are closely tied to the national economy.
- Most of the discussion concerns what SBA does, rather than how its programs affect small business.
- Costs of activities associated with each performance goal are summarized.

Leadership

- Messages from the Administrator and CFO are upbeat, but then undercut by the body of the report.
- Discussion of failures does not demonstrate an accountable organization, but rather one that blames external events (such as the recession) for its shortcomings.
- Though the agency presents its IG's report in full, action plans cited to address the IG's concerns appear minimal.
- Overall impression is of an agency still trying to understand itself and unready to chart a new course.

National Aeronautics and Space Administration (NASA)

FY 2001 Rank: 17



Transparency

- Report is easy to find on agency’s home page, but only the Overview section is downloadable and it is fairly large (1.3 MB). Remainder of report is inaccessible.
- Entire report is well-organized, consistently formatted and easy to read.
- Validity and quality of data used to assess performance remains questionable without independent assessment.
- Trend data on performance provided only for the percentage of goals met.

Public Benefits

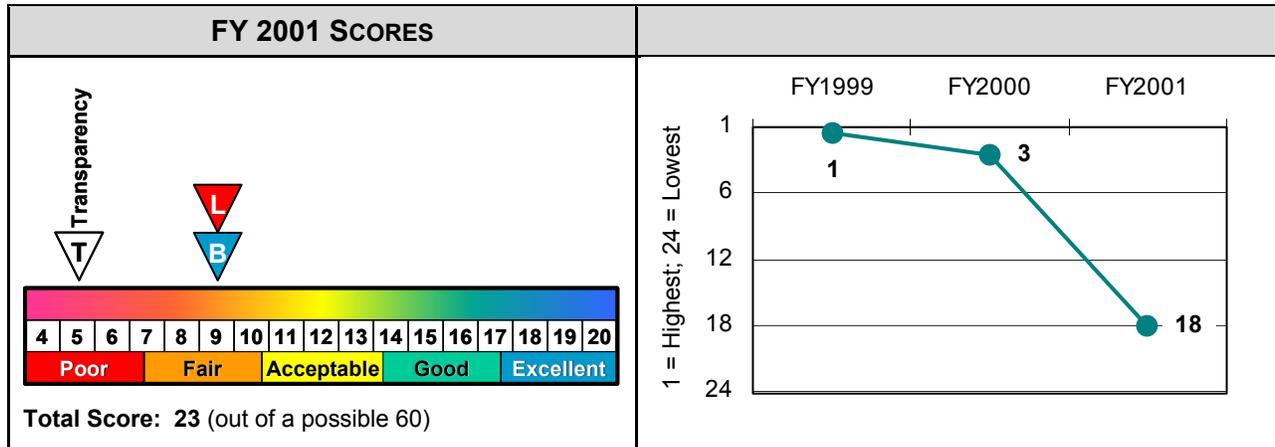
- Strategic and performance goals are almost all activities rather than outcomes.
- Most measures are more like milestones for task accomplishment.
- The Advisory Council assessment notes mixed success, weak metrics, and poor links between the agency’s actions and its stated goals.
- Budget allocations cited but not explained.

Leadership

- NASA clearly recognizes citizens’ expectations with respect to benefits, and demonstrates a willingness to improve its relevance, measurement, and achievement.
- Failures are openly acknowledged but inadequately explained.
- While there is a general recognition of management challenges, no single challenge is clearly identified or specifically addressed in the report.
- Plans for future improvement are brief and vague.

U.S. Agency for International Development (USAID)

FY 2001 Rank: 18



Transparency

- Report not on agency website.
- Confusing report organization. Little coherence to stories presented. Absence of graphics (especially of maps) is baffling, especially for an internationally focused agency.
- Data presented in summary form (self-assessment) without independent validation or verification.
- Data presented were narrative and anecdotal making trend evaluation impossible.

Public Benefits

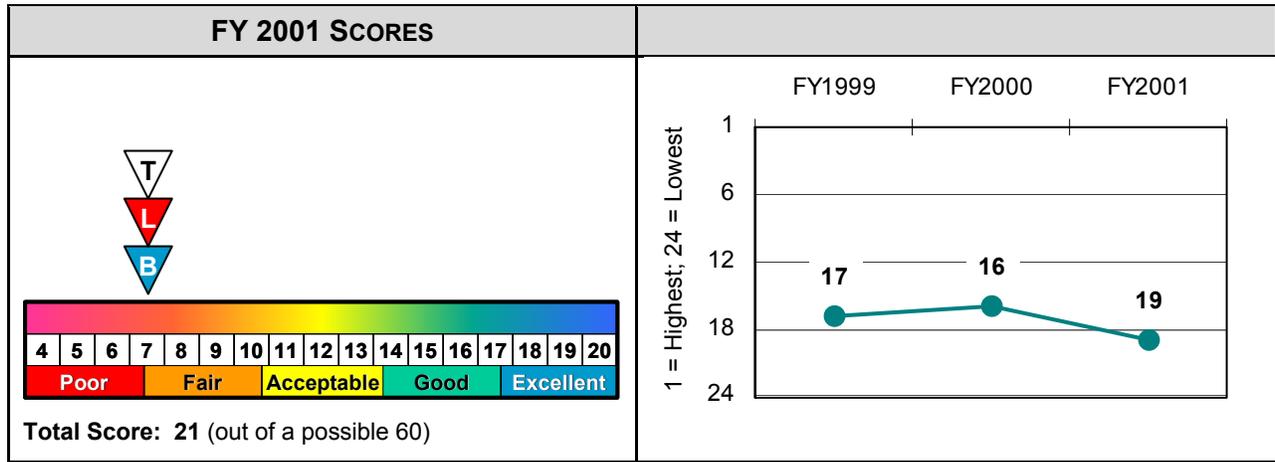
- Because report is so unclear, it is not possible to state whether agency's goals are outcome-based.
- Specifically cited results appear legitimate but it is not possible to establish connection between the agency's action and the results or even if the results are "representative."
- The selected examples of results provided by the agency are supported with evidence, but the scattered nature of the citations do not add up to achievement of broad goals.
- Discussion of expenditures is very brief and costs are not linked to results claimed.

Leadership

- Justification of agency activities is asserted rather than demonstrated.
- Unmet objectives are discussed at the end of each section.
- Explanations of management challenges are uneven. Inspector General's report and agency's response to it do not appear.
- Unclear whether agency reorganization will lead to better outcome-oriented results.

Federal Emergency Management Agency (FEMA)

FY 2001 Rank: 19



Transparency

- Report not posted on FEMA’s website, and is therefore not easily accessible.
- Format is logical and narrative clear. Organization, charts, and acronyms are problematic.
- Data sources not provided and cannot be independently verified. Measures appear invalid.
- Only a few years’ data provided, and presentation does not permit assessment of FEMA’s performance over time.

Public Benefits

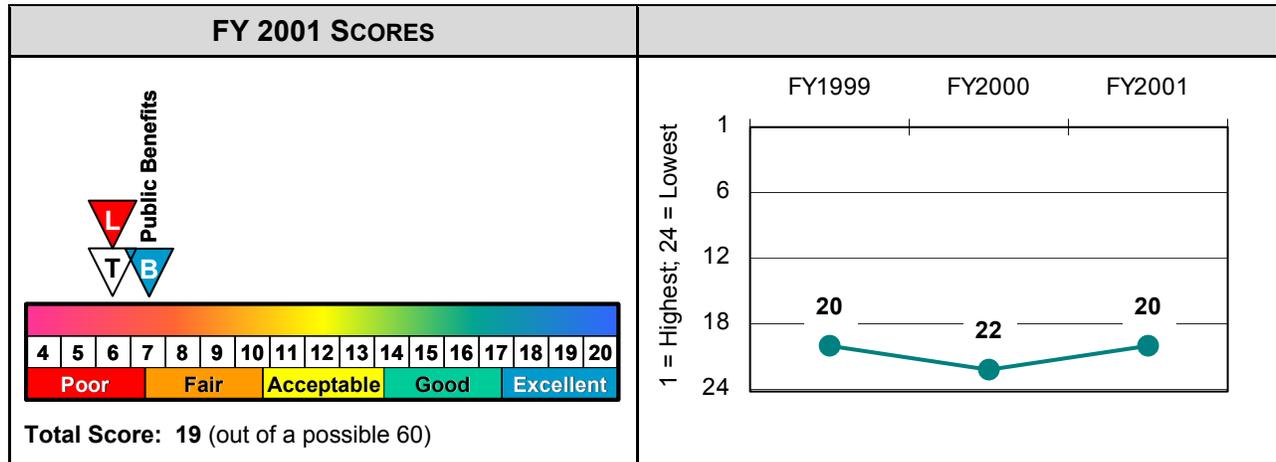
- Strategic goals are agency-centered rather than citizen-centered. Performance goals usually stated as outputs rather than outcomes.
- Goals and measures are often hard to distinguish from each other and emphasis is almost entirely on process.
- Links between activities and strategic goals generally unclear. In “Who We Helped,” FEMA had an opportunity to link them clearly, but chose instead to count applications taken and help line calls received.
- Costs are broken down by program but presented in a way that is meaningless to outsiders.

Leadership

- Sense of mission evident, but agency understates gravity of its role in a post-9/11 world.
- It is unclear whether the paucity of documented failures stems from successful accomplishment of its objectives or a reluctance to acknowledge failures.
- The impression remains that FEMA is not adequately addressing management challenges to its ability to achieve its mission.
- Agency cites numerous examples of plans, partnerships, and systems that indicate a desire to change, but few significant changes have appeared.

Department of Health and Human Services (HHS)

FY 2001 Rank: 20



Transparency

- Performance Summary and operating division reports were difficult to locate on the web.
- Report confuses more than it informs. Performance goals appear randomly with no tie to strategic goals.
- Four months after the close of FY2001, data on just 68% of targets received. Part of the problem may be the growth in targets from 683 in FY 1999 to 1,055 in FY 2001.
- Some data are for a single year and some just indicate improvements between 1997 and 2001. Data often presented in text format with little use of graphics.

Public Benefits

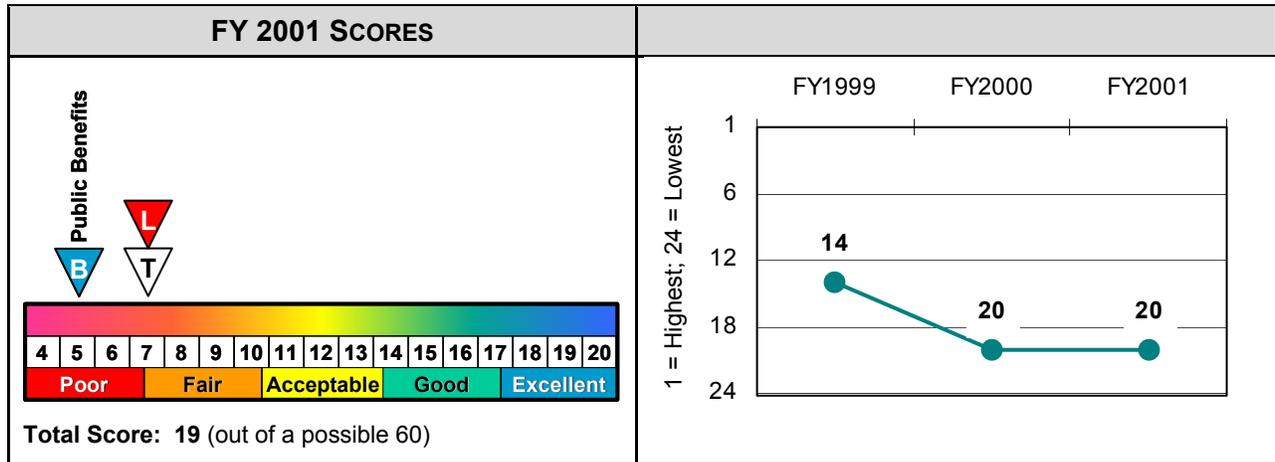
- Goals and objectives are mostly outcomes. However, they are presented with no structure and no indication of how they relate to each other or to the department’s mission.
- Performance measures are unidentified. Presented measures are output-based and appear randomly selected.
- Linkages between HHS activities and the improvements in measures cited are weak.
- The document includes no cost data of any kind.

Leadership

- No letter from the Secretary shows a lack of executive interest and commitment.
- There are no summaries of performance in the “Performance Summary” section. Admissions of failure are hard to find.
- A table indicates but does not explain internal assessments of progress on major management challenges. HHS does not accept ownership for identified problems.
- Despite stated intentions to create a useful report, GPRA results do not appear to have made any difference in decision-making at HHS.

Office of Personnel Management (OPM)

FY 2001 Rank: 20



Transparency

- OPM’s report not posted on web, so it is considered not easily accessible.
- Although the report liberally uses tables and graphs, the attempt is ineffective due to poor formatting, and a mixing of goal achievements with other issues.
- Data presented appear invalid and IG questions validity.
- Some tables contain unexplained or extraneous information.

Public Benefits

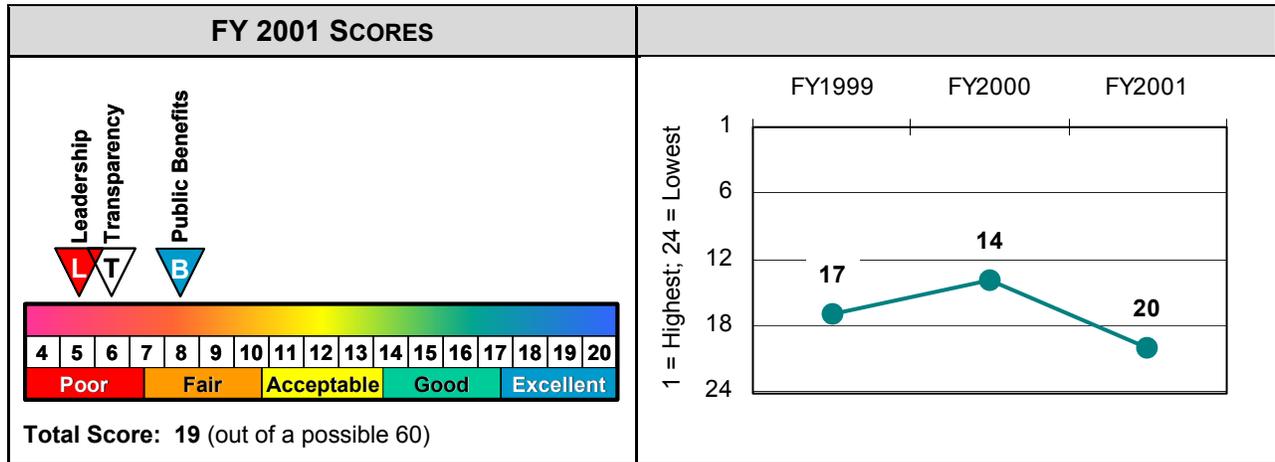
- OPM goals are vague and none commits to clear, measurable achievements that benefit citizens and are a result of OPM actions.
- None of the measures cited is explicitly linked to a specific goal.
- Given suspect data and vaguely defined goals, claims of high performance are not persuasive.
- Resources dedicated to each activity are cited, but no linkage established between resources and performance.

Leadership

- Though OPM claims its goal is to enable the federal government “to do the best job possible,” inadequate detail and unreliable data undercut this aim.
- Discussion of performance failures is rare and when it appears, is couched in ambiguous language.
- Overly brief mention of management challenges is inadequate.
- OPM provides no evidence that it intends to change the way it operates.

Department of State (State)

FY 2001 Rank: 20



Transparency

- Report not posted on website and therefore considered not easily accessible.
- Format and presentation not user-friendly. Acronyms far too prevalent. Overview of performance or results at any level absent.
- Such data as are presented are not validated, and are too general in any event to be useful.
- Qualitative nature of trend data make year-to-year comparisons impossible. No discussion related to trend provided; discussion only addresses current year.

Public Benefits

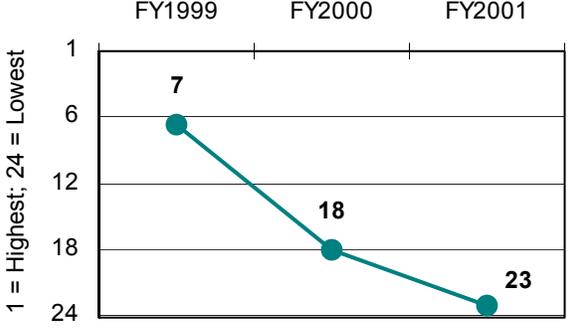
- Strategic goals are simple and outcome-based. Performance goals, however, are vaguely formulated and activity-based.
- Measures are weak, difficult to interpret, and inconsistently addressed.
- Direct connections between specific department activities and significant outcomes virtually non-existent.
- Agency fails to link its goals and results to costs.

Leadership

- Secretary's statement is positive and relevant, but rest of report is a missed opportunity to show how department protects American values and interests.
- Such explanations of failures as exist tend to blame external factors or lack of resources.
- Report does not address management challenges.
- Report leaves overall impression that State is unconcerned about or unaware of a need to improve its performance.

Department of Defense (DOD)

FY 2001 Rank: 23

| FY 2001 SCORES | | | | | | | | | |
|---|--|-------------|-------|--------|---|--------|----|--------|----|
| <p>Report Not Evaluated Not Released in Time</p> |  <p>1 = Highest; 24 = Lowest</p> <table border="1"><thead><tr><th>Fiscal Year</th><th>Score</th></tr></thead><tbody><tr><td>FY1999</td><td>7</td></tr><tr><td>FY2000</td><td>18</td></tr><tr><td>FY2001</td><td>23</td></tr></tbody></table> | Fiscal Year | Score | FY1999 | 7 | FY2000 | 18 | FY2001 | 23 |
| Fiscal Year | Score | | | | | | | | |
| FY1999 | 7 | | | | | | | | |
| FY2000 | 18 | | | | | | | | |
| FY2001 | 23 | | | | | | | | |

Department of Education (ED)
 FY 2001 Rank: 24th

| FY 2001 SCORES | | | | | | | | | |
|---|--|-------------|-------|--------|---|--------|----|--------|----|
| <p align="center">Report Not Evaluated No Report Published</p> | <p>1 = Highest; 24 = Lowest</p> <table border="1"> <thead> <tr> <th>Fiscal Year</th> <th>Score</th> </tr> </thead> <tbody> <tr> <td>FY1999</td> <td>4</td> </tr> <tr> <td>FY2000</td> <td>17</td> </tr> <tr> <td>FY2001</td> <td>24</td> </tr> </tbody> </table> | Fiscal Year | Score | FY1999 | 4 | FY2000 | 17 | FY2001 | 24 |
| Fiscal Year | Score | | | | | | | | |
| FY1999 | 4 | | | | | | | | |
| FY2000 | 17 | | | | | | | | |
| FY2001 | 24 | | | | | | | | |

Appendix B

Agency Names and Abbreviations Used in this Document

| Formal Agency Name | Short Name | Abbreviation |
|---|-------------------|---------------------|
| U.S. Department of Agriculture | Agriculture | USDA |
| Department of Commerce | Commerce | DOC |
| Department of Defense | Defense | DOD |
| Department of Education | Education | ED |
| Department of Energy | Energy | DOE |
| Environmental Protection Agency | EPA | EPA |
| Federal Emergency Management Agency | FEMA | FEMA |
| General Services Administration | GSA | GSA |
| Department of Health & Human Services | HHS | HHS |
| Department of Housing & Urban Development | HUD | HUD |
| Department of the Interior | Interior | Interior |
| 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 | UST |
| U.S. Agency for International Development | USAID | USAID |
| Department of Veterans Affairs | VA | VA |