

EXECUTIVE SUMMARY

The federal government spends 20 percent of what America produces—more than \$2.5 trillion in fiscal 2004. Over the long term, federal spending will claim an ever-higher percentage of Gross Domestic Product as an aging population places heavier demands on federal entitlement programs. The Government Accountability Office projects that by 2040, the biggest three entitlement programs plus interest on the national debt could consume as much as 35 percent of U.S. Gross Domestic Product. Such trends can only increase the political pressure for change in both entitlement and non-entitlement programs.

During the past decade, both Congress and the executive branch have taken significant steps to improve accountability for federal expenditures. The Government Performance and Results Act of 1993 requires agencies to produce strategic plans, annual performance plans, and annual performance reports. The purpose of annual performance reports is to identify how much public benefit federal agencies produce for citizens, and at what cost. The purpose of this Scorecard is to encourage improvement in the quality of these reports.

Researchers at the Mercatus Center at George Mason University conducted our sixth annual evaluation of the performance and accountability reports produced by 23 Cabinet departments and other agencies covered under the Chief Financial Officers Act of 1990. We employed the same criteria used in previous Scorecards. Our scoring process evaluates (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 agencies' reports, but *not* the quality of the results achieved, we wish to learn which agencies are supplying the information that citizens and their elected leaders need to make informed funding and policy decisions.

QUALITY MILESTONE REACHED: For the first time since inception of the Scorecard in 1999, the *average* (mean) report score exceeded 36 out of a possible 60 points – the score a report would obtain if it received a “satisfactory” rating on all criteria.

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

QUALITY REPORTING COVERS SMALL FRACTION OF THE BUDGET: The reports receiving an average score of 36 or better account for only 11 percent of federal spending in fiscal 2004. Fully 65 percent of federal spending is in agencies whose reports received average scores below the satisfactory level. Reports that exceed expectations on average, scoring 48 or better, cover only 3 percent of federal spending in fiscal 2004.

UNEVEN IMPROVEMENT: About half of the agencies (12) improved their scores from fiscal 2003 to fiscal 2004. Scores fell for seven agencies and remained the same for three agencies. Scores for two agencies cannot be compared because their reports were not received in time to include in the evaluation in one of the years.

ACCELERATED DEADLINE RARELY AFFECTED QUALITY: Fiscal 2004 reports were due to Congress and the President on November 15—two and one-half months earlier than the January 30 due date for the fiscal 2003 reports. More than 60 percent of the reports had data for the vast majority of their measures. Only one report

had significant problems with missing data that might be attributed to the reporting deadline rather than other factors.

BEST REPORTS: For fiscal 2004, the Departments of Labor, State, Transportation, and Veterans Affairs produced the highest rated reports. State's 2nd place finish caps a sustained surge from 20th place in fiscal 1999.

REPORTS MOST IN NEED OF IMPROVEMENT: The Department of Defense, Department of Homeland Security, and Office of Personnel Management had the lowest-ranked reports for fiscal 2004.

MOST IMPROVED REPORTS: Several agencies produced significantly better reports in fiscal 2004 than in fiscal 2003. The Department of Commerce moved from 16th to 5th in the rankings, reversing its fall from 5th place in fiscal 2002. Justice and Energy rose nine and six places, respectively, to tie with the Small Business Administration for 6th place. The National Science Foundation's report captured 10th place in fiscal 2004, up from 17th in fiscal 2003.

BIGGEST DROPS: The Department of Agriculture report fell from 4th place to 13th, Interior fell from 6th place to 13th, and HUD and GSA both fell from 10th place to 16th.

MOST CONSISTENT LOW SCORES: Several reports have ranked in the bottom half for most of the past six years, including those from Defense, the Office of Personnel Management, NASA, and Health and Human Services.

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

AGENCY NAMES AND ABBREVIATIONS USED IN THIS DOCUMENT

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

TABLE 1

SCORECARD SUMMARY & RANKING FOR FISCAL YEAR 2004

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

	TRANSPARENCY	PUBLIC BENEFITS	LEADERSHIP	TOTAL	RANK
Labor	17	17	16	50	1
State	18	17	14	49	2
Transportation	17	16	13	46	3
Veterans	17	15	14	46	3
Commerce	14	11	15	40	5
SBA	13	13	13	39	6
Justice	14	12	13	39	6
Energy	14	10	15	39	6
USAID	11	14	12	37	9
EPA	14	12	10	36	10
NRC	13	12	11	36	10
NSF	13	12	11	36	10
Interior	11	12	12	35	13
USDA	14	10	11	35	13
Education	13	10	11	34	15
HUD	10	11	11	32	16
Treasury	10	10	12	32	16
GSA	12	9	11	32	16
NASA	10	8	14	32	16
SSA	12	8	12	32	16
OPM	9	8	13	30	21
DHS	7	9	11	27	22
Defense	7	6	8	21	23
HHS*					24
AVERAGE	12.6	11.4	12.3	36.3	
MEDIAN	13.0	11.0	12.0	36.0	

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

TABLE 2

FISCAL YEAR 2004 SCORES & RANKINGS COMPARISON TO FISCAL YEAR 2003

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

	FY 2004		FY 2003		CHANGE IN FY 2003 SCORE	CHANGE IN FY 2003 RANKING
	TOTAL SCORE	RANK	TOTAL SCORE	RANK		
Labor	50	1	48	1	2	0
State	49	2	43	4	6	2
Transportation	46	3	48	1	-2	-2
Veterans	46	3	47	3	-1	0
Commerce	40	5	30	16	10	11
SBA	39	6	36	7	3	1
Justice	39	6	31	15	8	9
Energy	39	6	32	12	7	6
USAID	37	9	24	21	13	12
EPA	36	10	36	7	0	-3
NRC	36	10	36	7	0	-3
NSF	36	10	28	17	8	7
Interior	35	13	40	6	-5	-7
USDA	35	13	43	4	-8	-9
Education	34	15	32	12	2	-3
HUD	32	16	35	10	-3	-6
Treasury	32	16	27	19	5	3
GSA	32	16	35	10	-3	-6
NASA	32	16	25	20	7	4
SSA	32	16	32	12	0	-4
OPM	30	21	28	17	2	-4
DHS	27	22	N/A*	24		2
Defense	21	23	23	22	-2	-1
HHS	N/A**	24	23	22		-2
AVERAGE	36.30		34.00		2.23	
MEDIAN	36.00		32.00		2.00	

*Report not evaluated because not released as of February 13, 2004.

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