

# EXECUTIVE SUMMARY

The Government Performance and Results Act of 1993 requires agencies to produce strategic plans, annual performance plans, and annual performance reports. Performance reporting started in fiscal 1999.

Researchers at the Mercatus Center at George Mason University initiated this Scorecard in fiscal 1999 to foster continuous improvement in the quality of disclosure in agencies' annual performance reports. This study is our eighth annual evaluation of the performance and accountability reports produced by the 24 agencies covered under the Chief Financial Officers Act. These agencies accounted for 99 percent of federal outlays in fiscal 2006. We employed the same criteria used in previous Scorecards. Our scoring process evaluates (1) how *transparently* an agency discloses its successes and failures; (2) how well an agency documents the tangible *public benefits* it claims to have produced; and (3) whether an agency demonstrates *leadership* that uses annual performance information to devise strategies for improvement. An expert team evaluated each agency's report on 12 criteria—four each for transparency, public benefits, and leadership.

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

Key findings in this year's Scorecard include:

**UPSET AT THE TOP.** For the first time since fiscal 2001, Transportation is back at the top of the rankings, earning 53 out of a possible 60 points. Labor and Veterans Affairs tied for second place, with 51 points apiece. State, the number 2 report last year, remained in the top four with a 50.

**BIGGEST SPENDERS DISCLOSE LESS.** Agencies with reports receiving average scores below the satisfactory level accounted for 87 percent of non-interest federal spending in fiscal 2006. The 10 reports receiving a satisfactory score (36 or better out of 60 possible points) accounted for 13 percent of non-interest federal spending in fiscal 2006, down from 15 percent in fiscal 2005.

**IMPROVEMENT AT THE TOP.** For fiscal 2006, the top four reports scored above 48, versus just two in fiscal 2005. These agencies account for eight percent of non-interest spending.

**QUALITY GAP.** A significant quality gap emerged between the top four reports and the rest. Just three points separated the top three reports. The fifth place report, USAID's, earned 42 points—eight less than the fourth place report.

**SUBSTANTIAL CHURN.** Eleven reports improved their scores in fiscal 2006 compared to 2005; 11 had lower scores; and two were unchanged. Reports that had significantly improved rankings include GSA (+11 places in the ranking), Education (+9), Social Security (+6), EPA (+5), Defense (+5), and NASA (+4). Reports whose rankings significantly declined include SBA (-11), Treasury (-6), HUD (-6), OPM (-6), Interior (-5), and Energy (-4).

**AVERAGE SCORE STAGNANT.** The average total score has remained at about 36 for the past three years.

**WEIGHTED AVERAGE SCORE SHOWS IMPROVEMENT.** Since the size of federal agencies varies greatly, we also calculate a "weighted average" score, which weights each report's score by its agency's spending. Some of the larger agencies improved their reports, raising the weighted average score from 30.3 in fiscal 2005 to 32.2 in fiscal 2006.

**TWO CRITERIA IMPROVE SIGNIFICANTLY.** Scores on two criteria improved by more than five percent. Scores on criterion 1, accessibility, improved because most agencies have now mastered the mechanics of posting reports on their Web sites in a visible place and user-friendly format. Scores on criterion 8, linkage of results to cost, improved because more reports are using the best practices established over the past several years.

**ONE CRITERION DETERIORATES NOTICEABLY.** Scores on criterion 9, which assesses whether the report shows how the agency makes this country a better place to live, fell by five percent because few agencies have kept pace with the new best practice of backing up narratives with substantive performance metrics.

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

**UP FROM THE ASHES.** Three reports that ranked poorly in recent years improved their rankings noticeably in fiscal 2006: Defense (16<sup>th</sup>), NASA (16<sup>th</sup>), and Social Security (15<sup>th</sup>).

**MIREN IN THE MUD.** Three reports that often rank poorly continued that tradition in fiscal 2006: HHS (24<sup>th</sup>), OPM (23<sup>rd</sup>), and Homeland Security (21<sup>st</sup>).

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

# AGENCY NAMES AND ABBREVIATIONS USED IN THIS SCORECARD

AGENCY NAME	SHORT NAME	COMMONLY USED 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 2006

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

	TRANSPARENCY	PUBLIC BENEFITS	LEADERSHIP	TOTAL	RANK
Transportation	19	17	17	53	1
Labor	16	18	17	51	2
Veterans	19	16	16	51	2
State	17	18	15	50	4
USAID	16	15	11	42	5
GSA	15	14	11	40	6
Justice	15	10	12	37	7
Commerce	13	10	13	36	8
Education	14	10	12	36	8
EPA	12	11	13	36	8
Agriculture	12	10	13	35	11
Treasury	14	9	12	35	11
Energy	12	10	12	34	13
NRC	12	11	11	34	13
SSA	13	7	13	33	15
Defense	14	8	10	32	16
NASA	12	7	13	32	16
Interior	14	8	9	31	18
NSF	13	8	10	31	18
SBA	10	9	12	31	18
HUD	11	10	9	30	21
DHS	12	8	10	30	21
OPM	13	7	8	28	23
HHS	9	8	8	25	24
<b>AVERAGE</b>	<b>13.6</b>	<b>10.8</b>	<b>12.0</b>	<b>36.4</b>	
<b>MEDIAN</b>	<b>13.0</b>	<b>10.0</b>	<b>12.0</b>	<b>34.5</b>	

# TABLE 2

## FISCAL YEAR 2006 SCORES & RANKINGS COMPARISON TO FISCAL YEAR 2005

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

	FY 2006		FY 2005		CHANGE IN SCORE	CHANGE IN RANKING
	TOTAL SCORE	RANK	TOTAL SCORE	RANK		
Transportation	53	1	47	3	6	2
Labor	51	2	51	1	0	-1
Veterans	51	2	46	4	5	2
State	50	4	48	2	2	-2
USAID	42	5	38	8	4	3
GSA	40	6	31	17	9	11
Justice	37	7	36	11	1	4
Commerce	36	8	41	5	-5	-3
Education	36	8	31	17	5	9
EPA	36	8	34	13	2	5
Agriculture	35	11	37	9	-2	-2
Treasury	35	11	41	5	-6	-6
Energy	34	13	37	9	-3	-4
NRC	34	13	35	12	-1	-1
SSA	33	15	29	21	4	6
Defense	32	16	29	21	3	5
NASA	32	16	30	20	2	4
Interior	31	18	34	13	-3	-5
NSF	31	18	33	15	-2	-3
SBA	31	18	40	7	-9	-11
HUD	30	21	33	15	-3	-6
DHS	30	21	27	24	3	3
OPM	28	23	31	17	-3	-6
HHS	25	24	25	24	0	0
<b>AVERAGE</b>	<b>36.38</b>		<b>36.00</b>		<b>0.39</b>	
<b>MEDIAN</b>	<b>34.50</b>		<b>34.50</b>		<b>1.00</b>	