



# 5TH ANNUAL PERFORMANCE REPORT SCORECARD:

*WHICH FEDERAL AGENCIES BEST INFORM THE PUBLIC?*

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## ABOUT THE MERCATUS CENTER AT GEORGE MASON UNIVERSITY

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**The Mercatus Center at George Mason University** is a 501(c)(3) education, research and outreach organization that works with scholars, policy experts, and government officials to bridge academic learning and real world practice.

Our mission is to generate knowledge and understanding of how institutions affect the freedom to prosper and hold organizations accountable for their impact on that freedom. The aim of our work is to enable individuals to live free, prosperous, and peaceful lives.

Our educational and research programs that support this mission include Capitol Hill Campus, the Government Accountability Project, the Regulatory Studies Program, and the Global Prosperity Initiative.

The Mercatus Center is located on George Mason University's Arlington Campus, along with the George Mason University School of Law, the Law and Economics Center, and our sister organization, the Institute for Humane Studies.

## ABOUT THE GOVERNMENT ACCOUNTABILITY PROJECT

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Created in 1997, the Mercatus Center's Government Accountability Project uses a variety of tools to help improve the public sector management process, by which government decision-makers identify and quantify the specific public benefits their actions and agencies generate. The program's goal is to help improve government funding and policy decisions by making transparent these benefits produced with citizens' resources. Full transparency brings praise and criticism of results – and eventually, change – based upon maximizing outcomes and minimizing expenditures. Mercatus Center scholars use consulting opportunities, written analysis, testimony, educational programs, opinion pieces, and other products (such as the Annual Performance Report Scorecard) to affect how government agencies manage themselves, and generate quality information to demonstrate their effectiveness.

*For more information about the Mercatus Center and the Government Accountability Project, visit our adjoining websites ([www.mercatus.org](http://www.mercatus.org) and [www.GovernmentAccountability.org](http://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 the official positions of the Mercatus Center or George Mason University.

# EXECUTIVE SUMMARY

The federal government spends 20 percent of what America produces – more than \$2.1 trillion in fiscal 2003. Citizens and their elected representatives deserve to know how effectively government agencies use these vast resources.

During the past decade, both Congress and the executive branch have taken significant steps to improve accountability for these 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 fifth annual evaluation of the performance and accountability reports produced by Cabinet departments and other agencies covered under the Chief Financial Officers Act of 1990. We employed the same criteria used in our four 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.

**BEST REPORTS:** For fiscal 2003, the Department of Labor, the Department of Transportation, and the Department of Veterans Affairs produced the highest rated reports. These were also the top three reports last year.

**REPORTS MOST IN NEED OF IMPROVEMENT:** The Department of Health and Human Services, Department of Defense, U. S. Agency for International Development, and National Aeronautics and Space Administration earned the lowest rankings for fiscal 2003. The first three reports were also three of the lowest-ranked reports for fiscal 2002.

**MOST IMPROVED REPORTS:** Several agencies produced significantly better reports in fiscal 2003 than in fiscal 2002. The Department of State moved from 11<sup>th</sup> to 4<sup>th</sup> in the rankings, and the Department of Agriculture moved from 12<sup>th</sup> to tie with State for 4<sup>th</sup>. State's move comes on the heels of its jump from 20<sup>th</sup> place in 2001. The Department of Housing and Urban Development moved up from 18<sup>th</sup> to 10<sup>th</sup>, and the Department of Energy moved from 21<sup>st</sup> to 12<sup>th</sup>.

**BIGGEST DROPS:** The Department of Commerce report fell 11 places from fiscal 2002 to fiscal 2003, from 5<sup>th</sup> to 16<sup>th</sup>. The National Aeronautics and Space Administration's report fell from 12<sup>th</sup> place in fiscal 2002 to 20<sup>th</sup> place in fiscal 2003.

**MOST COMMON STRENGTHS:** Accessibility of reports was by far the strongest criterion. The four next strongest criteria were (1) clarity, (2) articulation of outcome-oriented goals, (3) explanation of how the agency makes this country a better place to live, and (4) discussion of major management challenges. The average score for each of these four criteria was 3, indicating that the typical report's performance under these criteria was adequate but not exceptional.

**MOST COMMON WEAKNESSES:** (1) absence of outcome-oriented performance measures that reflect the agency's impact on its goals, (2) failure to link costs with results, and (3) weak or missing explanations of failures to achieve strategic goals.

**WIDESPREAD IMPROVEMENT TRENDS:** The average score increased from 30 in fiscal 2002 to 34 in fiscal 2003, a 13 percent increase. Sixteen agencies improved their scores from fiscal 2002 to fiscal 2003. Average scores on all but one criterion improved. Especially large improvements occurred in the categories of articulating outcome goals and identifying changes to improve performance in the future – a result which suggests that the benefits of new, improved strategic plans are now showing up in the performance reports.

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.

# 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 2003

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

	TRANSPARENCY	PUBLIC BENEFITS	LEADERSHIP	TOTAL	RANK
Labor	18	16	14	48	1
Transportation	16	15	17	48	1
Veterans	17	15	15	47	3
Agriculture	15	13	15	43	4
State	15	14	14	43	4
Interior	13	15	12	40	6
EPA	13	11	12	36	7
NRC	13	13	10	36	7
SBA	10	15	11	36	7
GSA	14	11	10	35	10
HUD	15	9	11	35	10
Education	11	10	11	32	12
Energy	13	9	10	32	12
SSA	13	8	11	32	12
Justice	10	10	11	31	15
Commerce	10	11	9	30	16
NSF	10	9	9	28	17
OPM	9	8	11	28	17
Treasury	10	8	9	27	19
NASA	9	7	9	25	20
USAID	8	9	7	24	21
Defense	11	6	6	23	22
HHS	8	7	8	23	22
DHS*					24
<b>AVERAGE</b>	<b>12.2</b>	<b>10.8</b>	<b>11.0</b>	<b>34.0</b>	
<b>MEDIAN</b>	<b>13.0</b>	<b>10.0</b>	<b>11.0</b>	<b>32.0</b>	

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

# TABLE 2

## FISCAL YEAR 2003 SCORES & RANKINGS COMPARISON TO FISCAL YEAR 2002

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

	FY 2003		FY 2002		CHANGE IN FY 2002 SCORE	CHANGE IN FY 2002 RANKING
	TOTAL SCORE	RANK	TOTAL SCORE	RANK		
Labor	48	1	40	1	8	0
Transportation	48	1	39	2	9	1
Veterans	47	3	36	3	11	0
Agriculture	43	4	28	12	15	8
State	43	4	29	11	14	7
Interior	40	6	34	6	6	0
EPA	36	7	34	6	2	-1
NRC	36	7	32	9	4	2
SBA	36	7	36	3	0	-4
GSA	35	10	28	12	7	2
HUD	35	10	27	18	8	8
Education	32	12	28	12	4	0
Energy	32	12	25	21	7	9
SSA	32	12	32	9	0	-3
Justice	31	15	28	12	3	-3
Commerce	30	16	35	5	-5	-11
NSF	28	17	27	18	1	1
OPM	28	17	28	12	0	-5
Treasury	27	19	27	18	0	-1
NASA	25	20	28	12	-3	-8
USAID	24	21	23	23	1	2
Defense	23	22	18	24	5	2
HHS	23	22	25	21	-2	-1
DHS*	N/A	24				
<b>AVERAGE</b>	<b>34.00</b>		<b>30.00</b>		<b>4.13</b>	<b>0.22</b>
<b>MEDIAN</b>	<b>32.00</b>		<b>28.00</b>		<b>4.00</b>	<b>0.00</b>

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

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# INTRODUCTION

Following the passage of the Government Performance and Results Act of 1993, federal agencies began developing strategic plans, performance plans, and performance reports to explain what they are trying to accomplish, identify performance measures, and report on their results. Full reporting commenced in 1997. Congress has specified additional reporting requirements since then. The Reports Consolidation Act (Public Law 106-531) allowed agencies to issue combined performance and accountability reports beginning in fiscal 2002. These consolidated reports contain both performance information and audited financial statements, thus facilitating the integration of performance information with cost information to inform authorization and appropriations decisions. All of the agencies evaluated by the Mercatus Center issued performance and accountability reports.

The Reports Consolidation Act requires performance and accountability reports to include a transmittal letter from the agency head that assesses the completeness and reliability of the performance and financial data used in the report. This assessment must describe any material inadequacies in the data and what the agency is doing to resolve them. Like a similar requirement imposed on the chief executive officers of publicly-held companies by the Securities and Exchange Commission, the purpose of this requirement is to ensure that the quality of the underlying data is a management priority, and the deficiencies are acknowledged and corrected as quickly as possible. The Act also requires the reports to include a statement by the agency's inspector general of the most serious management and performance challenges facing the agency and a brief assessment of the agency's progress in addressing them.

The executive branch has also started to move toward performance-based budgeting. Among other factors, the Office of Management and Budget's Program Assessment Rating Tool assesses the performance of programs that agencies implement. Agencies have now evaluated the performance of 40 percent of federal programs responsible for more than \$1 trillion in expenditures, and this information influenced the appropriations recommended in the president's fiscal 2005 budget proposals. The administration states that it plans to use these assessments to compare the performance of different programs that have similar goals – implying that performance evaluation will play an ever-growing role in budget decisions.<sup>1</sup>

Whether initiated by the president or Congress, 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. Program proponents will have to demonstrate that the particular programs actually accomplish their stated goals more effectively than alternative approaches.

The purpose of agency performance reports is to give policymakers and the American people accurate and 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 in spring 2000 (for fiscal 1999) and subsequent reports each spring since then.<sup>2</sup> The Office of Management and Budget has gradually accelerated the deadlines, with the goal of making performance and financial information available to decision-makers and the public on a timelier basis. Thus, the fiscal 2003 reports were due by January 30, 2004; the fiscal 2004 reports will be due by November 15, 2004.

<sup>1</sup> *Budget of the United States Government, 2005*, p. 50. Available at <http://www.whitehouse.gov/omb/budget/fy2005/budget.html>.

<sup>2</sup> During the past two years, most agencies have also initiated revisions of the goals and measures in their strategic plans, which cover a five-year period.

With society's increased emphasis on accountability, transparency, and disclosure, it is incumbent on the federal government and its agencies to meet the highest standards in their external reporting efforts. Effective accountability in public service requires that agencies present a comprehensive, concise, accurate, and reliable assessment of the benefits created for the public, as well as the costs of producing those benefits. 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.<sup>3</sup>

Even if performance-based budgeting were not an emerging trend, the annual performance and accountability reports would still have the potential to play a critical role in improving the federal government's performance. Production of the report gives the managers who run the agency's operations an opportunity to identify what the agency is trying to accomplish, assess how well the agency is succeeding, and develop plans for improvement. The insights and ideas generated by this analytical process should improve the agency's ability to serve the public. Such improvement is possible if the agency's leadership views these reports as a management tool as well as a reporting requirement.

To help policymakers assess this year's reports and help agencies improve the quality of future reports, a Mercatus Center research team evaluated the reports produced by 24 major federal agencies. "Major" agencies include all Cabinet departments plus non-Cabinet agencies covered under the Chief Financial Officers' Act. This marks the fifth year that researchers at the Mercatus Center's Government Accountability Project have evaluated agencies' reports. The goal of this annual assessment is to inform not just decision makers, but also the American people more generally. By injecting the American spirit of competition for scarce resources and accountability for using those resources into performance reporting, we hope to assist and encourage agencies in improving the quality and cost-effectiveness of the services they deliver.

<sup>3</sup> 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/governmentaccountability>.

# EVALUATION CRITERIA

The purpose of the Scorecard 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 agencies' 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 utilized 12 evaluation factors grouped under three general categories:

Does the agency report its accomplishments in a *transparent* fashion?

Does the report focus on documenting tangible *public benefits* the agency produced?

Does the report show evidence of forward-looking *leadership* that uses performance information to devise strategies for improvement?

## 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 or disapproval.

## PUBLIC BENEFITS

An agency's value to the public becomes clear only when its 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 produce meaningful results for the community, 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. The ultimate objective of such reporting is to match outcomes with costs, so that policymakers and the public understand what citizens are paying to achieve various outcomes. Goals and measures that merely document agency activities assume that such activities automatically provide public benefits. Such an assumption can be incorrect for a wide variety of reasons. An agency report has to highlight achievement of results; otherwise, it will not inform the public of the success or failure of its programs. 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 performance information produced by their organizations to identify solutions to perceived problems and to change future plans. The report should inspire confidence in an agency's ability to enhance citizens' quality of life commensurate with the resources they have entrusted to the agency.

## TRANSPARENCY

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1. Is the report easily accessible via the Internet and easily identified as the agency's Annual Performance and Accountability Report?
2. Is the report easy for a layperson to read and understand?
3. Are the performance data valid, verifiable, and timely?
4. Did the agency provide baseline and trend data to put its performance measures in context?

## PUBLIC BENEFITS

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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

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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?

# SCORING STANDARDS

Each report had the opportunity to earn up to 20 points in each of the three categories, for a maximum score of 60 points. Each category included four equally weighted evaluation factors, and scores of 1 through 5 (from poor to excellent) were awarded on each evaluation factor. Thus, an agency could achieve a minimum score of 12 merely by producing a report.

## THE 5-POINT SCALE

The 5-point rating scale for individual factors is intended to identify distinct levels of quality. The research team used the accompanying table to guide its scoring. A report that adequately meets all requirements would receive the middle score of 3 on each factor, resulting in a total score of 36. A 2 indicates that the report accomplishes some but not all of the objectives under a given criterion. A 1 indicates failure to provide much relevant information. A 4 indicates unusually good practices that are better than most, and a 5 indicates an especially superior presentation.

Even when a report received a 5 on a particular criterion, there can still be room for improvement. A 5 indicates a potential best practice, but best practices should not be confused with perfection. We expect agency reporting practices to improve continually over time, and one of the goals of this scorecard is to aid in the diffusion of best practices across agencies. Therefore, a practice that earned a 5 this year may only deserve a 4 or 3 in future years as it becomes standard for most agencies and new best practices emerge.

## 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.

### WHAT DO THE SCORES MEAN?

5

- Substantially exceeds expectations
- Opens up a new field of information
- Sets a standard for best practice

4

- Exceeds expectations
- Has potential to be a best practice
- Shows innovation and creativity
- Better than most

3

- Meets expectations in all aspects
- Adequate, but does not exceed expectations

2

- Fails to meet expectations
- May be adequate in some respects, but not all
- Produces partial information
- Does not fully disclose

1

- Fails to meet expectations
- Does not meet standard for adequate disclosure
- Shows no process or plans to overcome problems
- Omits critical information

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 Department of Veterans Affairs, might find it easier to identify and quantify their contributions than an agency like State. In reality, some agencies that seem to provide few services directly to members of the public, such as State, have produced highly-ranked reports, and some that arguably have a more direct effect on citizens' wellbeing, such as the Department of Health and Human Services, have produced low-ranked reports.

# 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 most or best results for the country. Ideally, an agency's report reflects more about its managers' capabilities than just their ability to write reports. 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 analysis. We offer no recommendations on whether the federal government should or should not be engaged in its current menu of activities.

## HOW VALID ARE OUR DATA?

The Mercatus Center research team employed the same criteria to assess the fiscal 2003 agency reports that we used to evaluate prior year reports. However, in general, in each succeeding year we have tightened our evaluation standards, for two reasons. First, the highest possible quality that can be achieved is unlimited, because creative innovators can always find ways to improve reporting practices and set new standards. Second, each year gives agencies an opportunity to learn from each others' best practices. If we did not continually raise our expectations, most reports could eventually receive mostly 5s, and this scorecard would then convey little information about the quality of different agencies' reports.

For these reasons, an agency had to improve the absolute quality of its fiscal 2002 report in order to receive the same numeric score it received for its fiscal 2003 report. If an agency receives a higher score, that is a reliable indicator that the quality of its report has indeed improved.

In addition to articulating higher standards, this year the Mercatus Center team adopted a new cross-check procedure to verify that the criteria were applied more stringently than last year. For each report, the research team generated an extensive set of notes documenting the reasons for each preliminary score on each criterion. A member of the team who did not evaluate the report reviewed this documentation for both the fiscal 2003 and fiscal 2002 reports to ensure that any scoring difference across years were justified by differences in the actual contents of the reports. When this comparison identified scoring concerns, one or more team members then reviewed the agency's performance reports for both years to determine whether the preliminary score should be revised. Final scores thus reflect a careful review to ensure that the results of the scoring process are consistent with the goal of raising standards.

So what do the findings in this study really mean? By assessing the quality of agency reports, we are trying to evaluate whether the agencies are supplying the information that 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. However, in the interest of producing a timely study, we did not independently 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. The reports themselves should inspire confidence by indicating how data are verified and validated.



# SCORING THE REPORTS

## TRENDS AND OBSERVATIONS

Following the declines from fiscal 2000 to fiscal 2001, the average scores on each of the three dimensions showed modest increases for fiscal 2002 and notable increases for fiscal 2003 (Figure 1). In fiscal 2003, the average transparency, public benefits, and leadership scores increased by 16, 10, and 14 percent respectively. The average total score, which is the sum of the three dimensional scores, increased 13 percent to 34 for fiscal 2003.

As Figure 2 shows, all but one of the criteria showed increased average scores. In particular, agencies made substantial improvements in providing baseline and trend data, articulating outcome-oriented goals and measures, and identifying changes to improve performance in the future. Average scores for these factors jumped by more than 20 percent, which suggests that the recent revision of strategic plans is paying off in terms of more informative reporting, with a clearer focus on outcomes. This bodes well for the quality of future years' reports, which will employ the new goals/measures and report on the progress of the performance improvement initiatives articulated in this year's reports.

The average score for linking results to costs fell by 7 percent. A review of individual agency scores indicates that this change was largely driven by 1-point reductions in many scores from fiscal 2002 to fiscal 2003. The reduction likely reflects our tightening of the standards for this criterion; no agency could achieve an "adequate" score of 3 merely by allocating costs among its top-level strategic goals. The ultimate purpose of these cost allocations is to identify how much the federal government pays per successful result, so that policymakers and citizens can better identify which programs are most effective and allocate resources more efficiently.

FIGURE 1: SCORES IMPROVED GREATLY IN FISCAL 2003

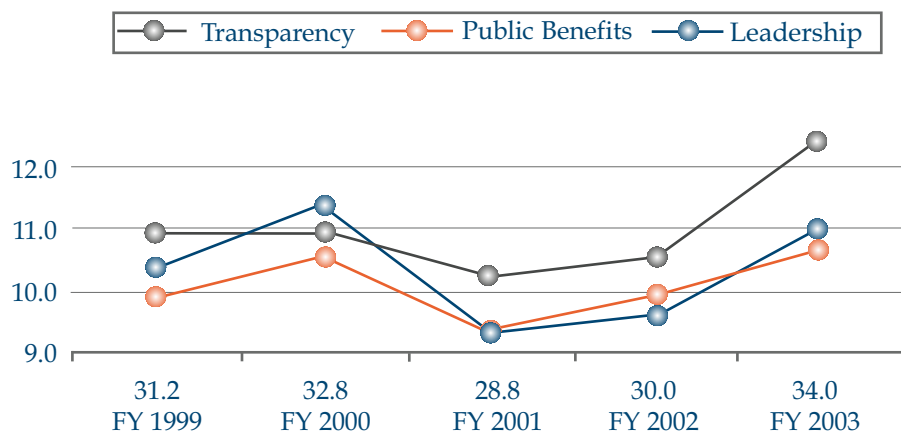
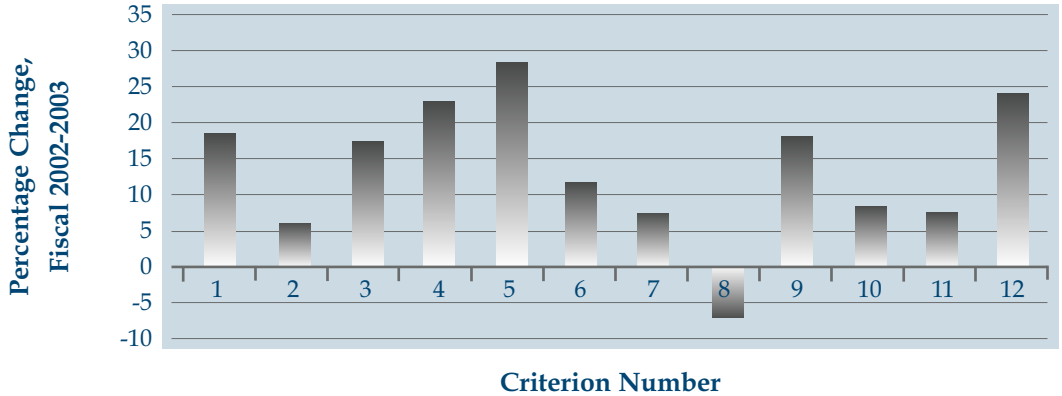


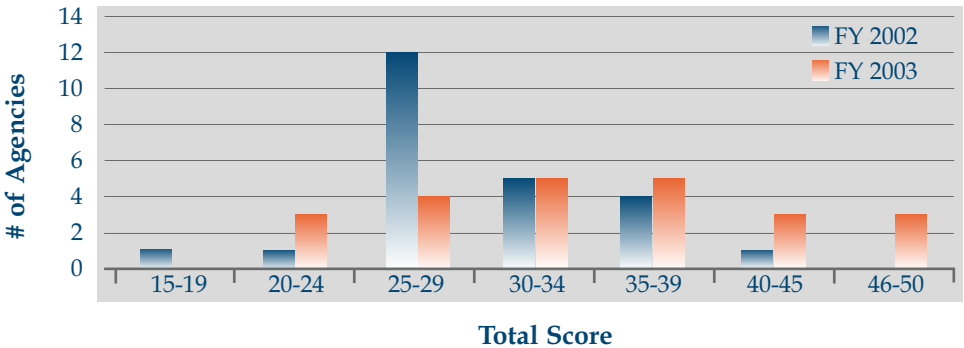
FIGURE 2: SCORES ON ALMOST ALL CRITERIA IMPROVED IN FISCAL 2003



**A YEAR OF WIDESPREAD IMPROVEMENT**

The average score increased 13 percent, from 30 in fiscal 2002 to 34 in fiscal 2003. This increase reflects widespread improvement in many reports, as Figure 3 shows. The vast majority of agencies — 17 — increased their scores from fiscal 2002 to fiscal 2003. Scores fell for three agencies and remained the same for three agencies. One agency, the Federal Emergency Management Agency, disappeared from the list in fiscal 2003 because it was merged into the Department of Homeland Security. Homeland Security did not publicly release a report by February 13, our cutoff date for including reports in this Scorecard. Agencies were required to submit their reports to Congress and the president by January 30.

FIGURE 3: MORE AGENCIES RECEIVED BETTER SCORES IN FISCAL 2003



E a c h

agency score is a sum of the three dimensional scores: transparency, public benefits, and leadership. Figures 4 through 6 show that these scores, like the total scores, reflect widespread improvement across many agencies.

FIGURE 4: MORE AGENCIES RECEIVED HIGHER TRANSPARENCY SCORES IN FISCAL 2003

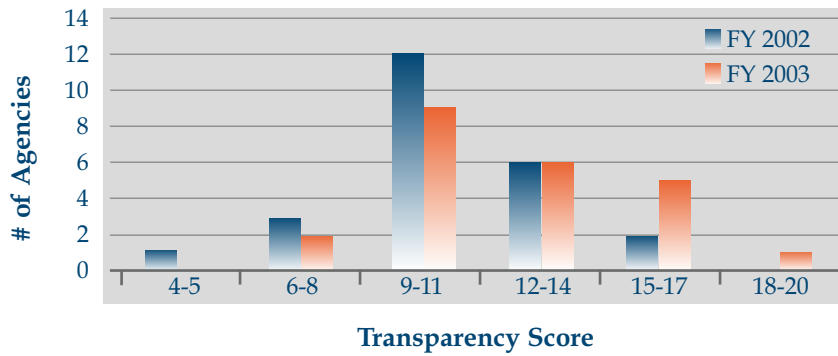


FIGURE 5: MORE AGENCIES RECEIVED HIGHER BENEFITS SCORES IN FISCAL 2003

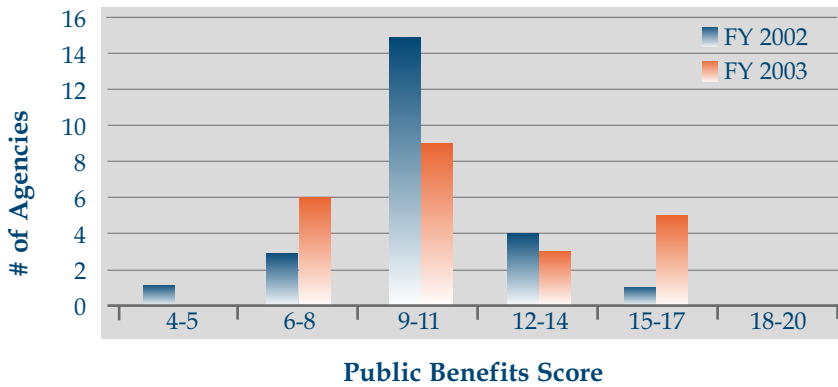
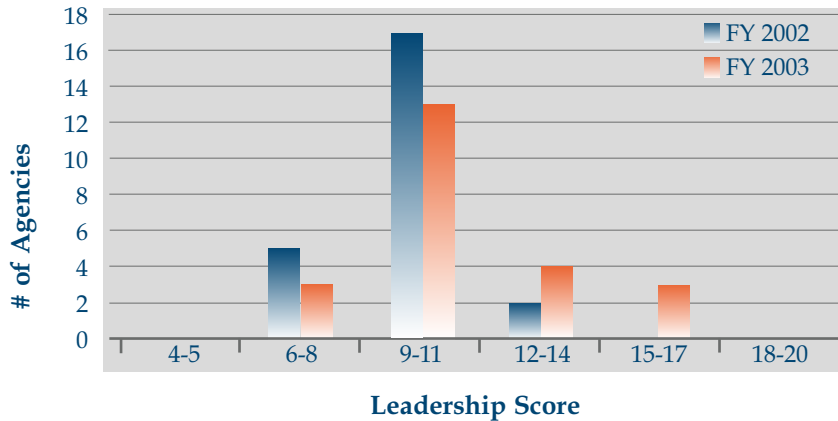


FIGURE 6: MORE AGENCIES RECEIVED HIGHER LEADERSHIP SCORES IN FISCAL 2003



Our fiscal 2002 Scorecard noted that improvements in that year were modest and uneven.<sup>4</sup> The research team speculated that this pattern may have reflected numerous difficulties unique to the fiscal 2002 reporting cycle. Agencies consolidated their performance and accountability reports for the first time, the reporting schedule was accelerated, the President's Management Agenda was more widely implemented, and the first Program Assessment Rating Tool analyses were conducted. Whether or not these factors inhibited improvements in the performance reports in fiscal 2002, the trend changed in fiscal 2003.

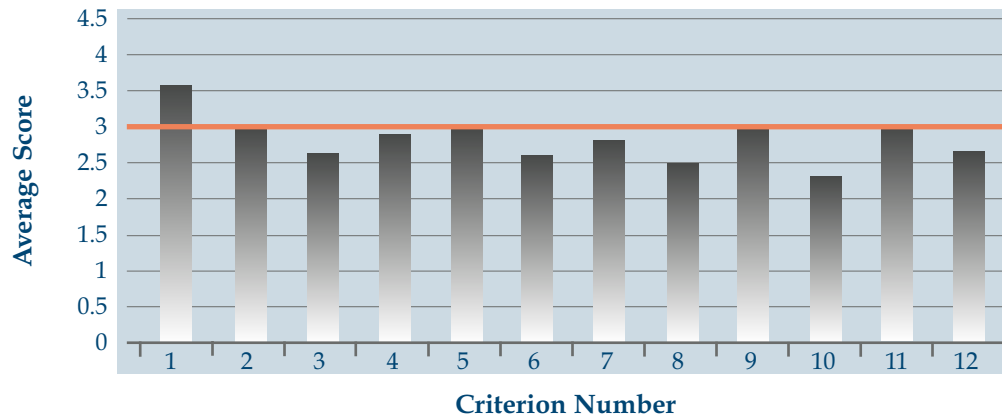
Despite this year's improvements, there is still substantial room for progress. Figure 7 reveals that average scores in seven categories are below 3.

The worst average is in category 10, explaining reasons for failures. Part of the problem here is that some agencies' performance measures do not even appear to permit them to identify failures. In other cases, the reports introduce ambiguity by claiming that measured performance below the target level nevertheless counts as having met the goal.

The areas with scores below 3 (in order of severity of the problem) are linkage of results with costs, development of outcome-oriented goals and measures, ensuring reliability and timeliness of data, articulation of changes to improve performance in the future, demonstration that the agency's efforts actually affected achievement of outcomes, and provision of baseline and trend data.

<sup>4</sup> Maurice P. McTigue, Sarah E. Nutter, and Jennifer Zambone, *4<sup>th</sup> Annual Performance Report Scorecard: Which Federal Agencies Inform the Public?* Mercatus Center, George Mason University, April 2003, p. 24. Available at <http://www.mercatus.org/government-accountability/subcategory.php/91.html>.

FIGURE 7: AVERAGE SCORES ON INDIVIDUAL CRITERIA FOR FISCAL 2003



The agencies that did things well tended to do them consistently well, and vice versa. For example, the top five reports each scored at least 15 out of a possible 20 points for transparency, 13 for public benefits, and 14 for leadership. On individual criteria, these reports almost always received 3s, 4s, and 5s. Conversely, the five lowest-ranked reports never scored more than an 11 for transparency, 9 for public benefits, and 9 for leadership. Most of their scores on individual criteria were 1s, and 2s. The only 4s this group earned were received by NASA and Treasury, who made their reports relatively easy to find on their web pages.

### BRIGHT SPOTS AND QUICK SLIPS

The reports of two agencies, Transportation and Veterans, have consistently ranked among the top three since the Scorecard's inception, which began with fiscal 1999 reports. Clearly, Transportation and Veterans have created a management culture that encourages identification and documentation of results.

Another strong contender, Labor, has demonstrated steady improvement in its reporting through the years, moving up from 5<sup>th</sup> for fiscal 1999 to capture the top ranking for fiscal 2002. Labor showed staying power in fiscal 2003, returning to share top honors with Transportation. We encourage other agencies to learn from best practices and incorporate the approaches that have been successful at these agencies.

Four agencies made significant improvements in their reports: Agriculture, State, HUD, and Energy. Each of these reports substantially increased its score and ranking for fiscal 2003. Agriculture and State leapt eight and seven places, respectively, to tie for 4<sup>th</sup> place. Agriculture's improved ranking reflects notable improvements in accessibility of its report, articulation of public benefits, explanation of failures, and development of plans to improve performance in the future. State's progress on its report reflects two years of big improvements; the

agency ranked 20<sup>th</sup> in fiscal 2001. Since fiscal 2002, State got much better at articulating outcome goals, demonstrating that its actions affected achievement of its goals, and reporting changes to improve future performance.

Two reports fell significantly in the rankings – Commerce and NASA. Commerce plummeted from 5<sup>th</sup> to 16<sup>th</sup> place, while NASA slid from 12<sup>th</sup> to 20<sup>th</sup>. Both agencies’ reports lost significant ground because their scores declined on multiple factors in a year when many other reports showed significant across-the-board improvement.

## IMPROVEMENT TIPS AT A GLANCE

### EASIEST IMPROVEMENT TIP

Have the agency’s webmaster publish the report in PDF and HTML, in separate sections for easy downloads, with a clear link from the agency home page, along with contact information for questions, comments, and requests for hard copies.

### MOST MANDATORY IMPROVEMENT TIP

Ensure that the agency head assesses the quality of performance and financial data, as required by the Reports Consolidation Act. It’s not just a good idea; it’s the law!

### MOST LEVERAGED IMPROVEMENT TIP

Develop strategic goals, objectives, and measures that are outcomes. Outcome-based goals and measures make many of the other reporting tasks much easier.

### MOST HACKNEYED IMPROVEMENT TIP

It’s possible to have too much of a good thing. Hundreds of measures are too much for any reader to digest, and our results show that having large numbers of measures is not correlated with high scores or rankings.

### MOST PAINFUL IMPROVEMENT TIP

Beware four-letter words. If an acronym isn’t already in common use, don’t use it.

### MOST COUNTERINTUITIVE IMPROVEMENT TIP

If it’s worth doing, it’s worth doing partially. A good, outcome-based measure can be highly informative even if the data for the full fiscal year aren’t in yet. Use preliminary data or estimates, clearly mark them as such, and furnish the final data as an addendum when they become available.

### MOST OBVIOUS IMPROVEMENT TIP

You can’t win if you don’t enter. Minimum possible score for a report is 12, but no report at all earns a zero – because it’s tantamount to asking policymakers to fly blind.

## STRONGEST AND WEAKEST SCORES

## TRANSPARENCY

T

### 1. Is the report easily accessible and easily identified as the agency's Annual Performance and Accountability 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 agency's home page displays a link clearly guiding the reader to the annual report for the most recent fiscal year. If one has to be an expert on performance management 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.). Finally, it is helpful to include contact information so that people can phone or e-mail questions, comments, or requests for a hard copy of the report. In some sense, this should be the easiest criterion to satisfy, because any webmaster should be able to ensure a good score.

Office of Management and Budget guidelines required agencies to submit their reports to Congress and the president by January 30. Reports are included in this evaluation if they were available to Mercatus in some form by February 13. The Mercatus research team gave agencies several additional weeks, until February 27, before checking to see if the reports were available on agency web sites. Links to agency reports can be found on the Mercatus web site at <http://www.mercatus.org/governmentaccountability/subcategory.php/131.html>.

**Strongest Scores:** Energy, EPA, Labor, State, Transportation.

Each of these reports received a 5 on this criterion. Four of the five highlighted release of the report on their home pages, and the other one had a link from the web page containing general information about the agency. All allow the reader to download the entire document or discrete sections. Several offer (or promise they will soon offer) the document in HTML as well as PDF. Several include contact information for hard copies or comments. EPA even notes that its report can be accessed and read by software for the visually impaired.

**Weakest Scores:** Justice, SBA.

Mercatus researchers could not find either agency's fiscal 2003 performance report on the web as of the close of business on February 27. This omission especially hurt Justice; its report would have vaulted five places in the rankings (from 15<sup>th</sup> to 10<sup>th</sup>) if it had earned a 5 on this criterion.

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

The annual performance and accountability 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 the structure aids understanding. Consistent format, clarity of text, absence of jargon, and

effective use of visual techniques like headings, graphs, tables, and photos are helpful. Acronyms can be helpful if they substitute for lengthy proper names that readers may be familiar with, but use of acronyms to refer to documents, processes, systems, nouns other than proper names, verbs, short names, or names of things known only to insiders inhibits understanding, even if the report provides a list of acronyms. Details can either inform or confuse, depending on how they are presented. Anecdotes can promote effective communication if they complement and illustrate, rather than substitute for, outcome-based results measures. Information necessary to evaluate the agency's performance should actually be present in the report, not just referenced as available in some other document, web page, or computer disk.

**Strongest Scores:** Labor, Veterans Affairs

Both of these reports received a 5 on this criterion because they are consistently reader-friendly.

Labor's report provides a very readable and understandable picture of what the department does and how well it performed. The secretary's transmittal letter does an excellent job of highlighting the department's performance and the importance of what it does. The executive summary offers an excellent overview of the department's fiscal 2003 performance, highlighting important items such as the rise in diploma attainment for youths aged 14-18, and the decline from six years to two years in the time it takes the Pension Benefit Guaranty Corporation to officially define employee benefits for plans it takes over (p. 10). The executive summary also includes a road map for navigating the various portions of the report dealing with performance (p. 14). The organization of the performance report features a consistent, informative and user-friendly format. The text is straightforward, candid and thoughtful in presenting the department's achievements and performance shortfalls. It makes effective use of graphics. The vignettes in the margins and throughout the report help to bring the material alive in terms of the impact on citizens.

Veterans Affairs' report is exceptionally well presented, making it highly readable and understandable. The organization and format permit easy navigation through the various performance-related sections. One excellent feature is the "performance scorecard," which shows at a glance in a very user-friendly chart VA's fiscal 2003 performance results for 27 key performance measures identified by the department's management as being critical to VA's success (p. 4). This chart not only clearly identifies the department's fiscal 2003 successes and shortfalls for each of the measures but also, where applicable, shows whether the department did better or worse than in fiscal 2002. Later on, the report presents VA's performance results for all of its measures (organized by the responsible component) in a very readable and informative format (pp. 86 et seq.). Information is presented clearly throughout the report, aided by excellent use of graphics.

**Weakest Scores:** Numerous

Thankfully, no report received a 1 on readability, but eight agencies received a 2. Common problems included text-heavy presentations with little use of graphics, heavy use of acronyms or technical jargon, or confusing numbering systems for pagination or goals. Some reports had large numbers of objectives or measures (sometimes several hundred) with little guidance as to which ones were the most significant. Introductory or overview sections tended to be more readable than the main body of the document. Summary tables or lists of key measures sometimes helped focus the reader on priorities.



## ACRONYMS WE WISH WE'D NEVER HEARD

ACRONYM	MEANING	SOURCE
CQPR	Consolidated Quarterly Performance Report	Energy, p. 76
SDMP	Site Decommissioning Management Plan	NRC, p. 141
CHUMS	Computerized Homes Underwriting Management System	HUD, p. A3
FBCO	Faith Based and Community Organizations	Education, p. 269
LCN	La Cosa Nostra	Justice, p. F-4
ITNs	Insecticide-Treated Nets	USAID, p. 29
AC	Advisory Committee	NSF, p. V-51
HCLMSA	Human Capital Leadership and Merit Systems Accountability	OPM, p. 228
AACRs	African Armed Conflicts Resolved	State, p. 76
ASP	Agency Strategic Plan	Social Security, p. 29
SBUV/2	Solar Backscatter Ultraviolet	NASA, p. 65

*List is intended merely to be illustrative, not exhaustive.*

### SAY WHAT?

“In addition to the PDTOs dismantled there were 24 PDTOs linked to CPOT organizations and 126 PDTOs not linked to CPOT organizations disrupted.” (Justice, p. I-17)

“To further strengthen PVO capacity to implement DOTS, the PVO CORE Group is developing a web site of TB resource materials and has conducted a training workshop for PVOs interested in working on TB control. USAID plans to award CSH grants for TB on an annual basis.” (USAID, p. 30)

“Implementation of the new Evian approach will begin in FY 2004; Treasury will measure over time whether countries truly have exited the Paris Club treadmill.” (Treasury, p. 51)

“A merged data record from the Total Ozone Mapping Spectrometer (TOMS) series of instruments and Solar Backscatter Ultraviolet (SBUV/2) instruments is being updated using data from the most recent SBUV/2 instruments.” (NASA, p. 65)

“While SIPP successfully produced the 2001 waves 1 through 4 longitudinal files planned for FY 2003, the 2001 waves 1 and 2 topical module files were not completed during FY 2003.” (Commerce, p. 134)

“The Department has also developed a functioning Continuity of Operations Plan (COOP) and is finalizing Business Continuity Plans (BCP) for every program office. Successful Disaster Recovery Plan (DRP) cutover tests were completed for the Department’s main network (EDNet) and main financial system (EDCAPS).” (Education, p. 24)

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

The Reports Consolidation Act requires that the head of each agency assess the quality of the data in the report and disclose any material weaknesses. Like a similar requirement imposed on the chief executive officers of publicly-held companies by the Securities and Exchange Commission, the purpose of this requirement is to ensure that the quality of the underlying data is a management priority, and the deficiencies are acknowledged and corrected as quickly as possible.

More generally, the report should indicate the agency's confidence in the quality of the data used to document

### DATA ASSESSMENT

The following reports contained no assessment of data quality by the head of the agency, as required by the Reports Consolidation Act

- Commerce
- Defense
- Education
- EPA
- NASA
- OPM
- State

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). Outside verifiers should be able to access the data with relative ease. Sources and descriptions should be provided for all outcome data.

**Strongest Scores:** Justice, Labor, Agriculture, NSF, NRC

No agency received a 5 on this criterion, but several exceeded expectations in various ways.

In the Justice report, each performance goal and measure includes a table that provides a data source, explains what is done to validate and verify the data, and describes any known data limitations. These presentations are generally quite informative and add credibility to the reported results. To its credit, Justice is also taking some challenging and innovative steps to improve its performance data. Most notably, it is developing measures that get at the availability of illegal substances (pp. II-55 and II-56). This is a much more results-oriented measure of the department's efforts to reduce the supply of illegal substances than quantities of illegal substances seized. Justice did have some data lags that prevented reporting fiscal 2003 results for some targets (e.g., pp. II-51, 55, 75, 80 and 126). The inspector general found some problems with the department's performance measures and data, particularly at the Drug Enforcement Administration, but suggests that the problems are being addressed (pp. IV-283 and 286). While there is room for improvement, this report is strong on completeness and reliability of performance data.

In the Justice report, each performance goal and measure includes a table that provides a data source, explains what is

Labor's transmittal letter indicates that the department's performance data are complete and accurate except with respect to two goals (p. 7). It briefly explains the issues with these data, which are further explained under the detailed goal presentations in Appendix 4. Appendix 4 includes a data source for each goal. With respect to timeliness, the report states that one of the department's 36 goals went unmeasured because of lagging data (p. 10). That was due to implementation of a new measurement and reporting system. The report further explains that some results, particularly for employment and training programs, are presented on the basis of program year rather than fiscal year because of data timing issues (p. 9).

The Agriculture secretary's transmittal letter provides assurance that the department's performance data are complete and reliable except for limitations explicitly discussed in the body of the report. The report contains a very thorough and generally excellent assessment of performance data (pp. 114-127). This analysis identifies the data source(s) for each performance goal and describes any issues concerning the completeness, reliability or timeliness of the data. Where issues exist, it usually indicates what the department is doing to resolve them. While indicating that the department has some data challenges, this analysis provides confidence that the data generally are reliable and that the department is working to resolve the problems. With respect to timeliness, results for three of the department's 40 goals are deferred due to lagging data. In other instances, data are solid for the first three quarters of the fiscal year and the department is able to report fiscal 2003 results on the basis of these preliminary data. The performance data analysis explains the data lags and when the final data will be available.

The NSF report does a good job of explaining the verification and validation process. The agency head's transmittal letter states that all performance data are complete and reliable. According to the report, the agency's performance data are fully validated by the agency staff. Additionally, expert review panels and external third parties (including a "verification and validation contractor") validate data and sources (pp. I-15, 16 and 22). Since results from the projects' NSF funds often are not evident for many years, the report is based on program accomplishments that occurred in fiscal 2003 regardless of when they were funded. Since the report only relies on program accomplishments that can be documented in fiscal 2003, timeliness of data is not a problem.

The NRC chairman's transmittal letter asserts that all performance data are complete and reliable. Data sources and quality are discussed in several other portions of the report. The report says that NRC analyzed its data verification procedures for all performance measures during fiscal 2003 and found them to be complete and reliable. Endnotes to the report provide additional detail on data pertaining to specific goals and measures. With respect to timeliness, the report states in endnotes that actual data are provided up to a certain point in fiscal 2003, but that further data pertaining to fiscal 2003, as well as analyses concerning these data, will be forthcoming and will be included in the fiscal 2004 report (n. 2, p.143; n. 17, p. 145). The disclosure of this significant caveat should have been made more prominently than in endnotes.

#### **Weakest Score: USAID**

"Operating units" (principally country missions) set their own independently verifiable and auditable targets. The report states that full documentation of targets and accomplishments is not submitted to Washington, but that this information must be maintained and made available for review and audit. The report does not indicate what, if any, documentation is submitted to Washington or what, if any, data reviews or audits USAID management actually conducts. On the other hand, the inspector general has conducted audits of USAID's performance data and lists major weaknesses in performance measurement and reporting as one of the top management challenges at the agency (p. 259). According to the inspector general, past audits identified serious deficiencies that called into question the reliability of the performance data provided by the operating units. The inspector general states that reported data lag one year behind because USAID has not revised its systems to report on current-year results. Also, the agency's methodology for assigning strategic objectives to goals is listed as a material weakness (p. 151).

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 allows 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 (due to newness or revision) may convey more information than inferior measures with more data points that are not clearly linked to an agency’s results.

In evaluating this year’s reports, the Mercatus research team found that even many reports that provided baseline and trend data still lacked context. Multiple years of data help identify trends, but they do not by themselves show how close the agency is to achieving its goals, or explain why the agency will produce a significant level of public benefits if it hits its targets. Reports should explain rationales behind the selection and alteration of quantitative targets, so the reader can understand the magnitude of the agency’s goals in relation to the size of the problem.

**Strongest Score:** Veterans Affairs

The report consistently provides baselines for its performance measures (both the key ones and the rest) as well as trend data. The trend data often go back as far as fiscal 1999. For the key measures, the report also includes a “strategic target.” This information provides valuable context since it shows what performance level the department aspires to and how far it is from that level. The baseline and trend data are formatted in a readily understandable way, making excellent use of graphics. The narratives accompanying each key measure provide additional valuable context information in terms of the significance of the measure and the performance trends.

**Weakest Score:** NASA

Appendix I is captioned “Performance Trends for FY 2000 to FY 2003” (pp. 207 et. seq.). However, the graphics in this appendix only show whether NASA missed or met each goal for the applicable fiscal year under whatever targets existed for that goal for that year. Thus, they contain no baseline or trend data to track substantive performance over time. As the report acknowledges, the trends do not necessarily provide even a basis to compare the degree of success from one year to the next since the goals are not necessarily the same or similar (pp. 207-08). Indeed, the appendix indicates that most goals were the same or similar only in fiscal 2002 and 2003. In short, the appendix provides no baseline or trend data that puts NASA’s performance measures in context.

**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 the achievement of program goals. It is inappropriate to treat them the same as goals that address public benefits more directly.

Methods, measures, and targets are different from goals, 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 difficult, since goals (not just quantitative targets) might change each year.

Some agencies did a better job of articulating outcomes in the transmission letter from the agency head or in overview sections than in the detailed performance review. Agencies seeking to develop more outcome-oriented goals would do well to examine those prefatory parts of their report for inspiration.

**Strongest Scores:** Labor, State, Transportation

Labor's report covers three strategic goals, each of which has three outcome goals under it. The arrangement of three overarching strategic goals, with three outcome goals each, and with specific, measurable program objectives is exceptionally clear. This method of presenting goals and measures could serve as a useful model for other agencies. All of the strategic goals are stated as outcomes. Most of the 28 program performance goals related to these strategic goals are likewise outcome-oriented, particularly when read in conjunction with their measures. Many of the department's eight management goals and related measures also are expressed as outcomes.

## OUTCOME GOALS AT THE DEPARTMENT OF LABOR

### STRATEGIC GOAL 1: A PREPARED WORKFORCE

- Outcome Goal 1.1 – Increase employment, earnings, and assistance
- Outcome Goal 1.2 – Increase the number of youth making a successful transition to work
- Outcome Goal 1.3 – Improve the effectiveness of information and analysis on the U.S. economy

### STRATEGIC GOAL 2: A SECURE WORKFORCE

- Outcome Goal 2.1 – Increase compliance with worker protection laws
- Outcome Goal 2.2 – Protect worker benefits
- Outcome Goal 2.3 – Increase employment and earnings for retrained workers

### STRATEGIC GOAL 3: QUALITY WORKPLACES

- Outcome Goal 3.1 – Reduce workplace injuries, illnesses, and fatalities
- Outcome Goal 3.2 – Foster equal opportunity workplaces
- Outcome Goal 3.3 – Reduce exploitation of child labor and address core international standards issues

The vast majority of the State Department's 12 strategic goals and 38 performance goals are stated as out-

comes (pp. 11, 17-20), although because of the nature of the department's mission, its goals are often expressed at a high level. Even the management strategic goals and the performance goals under it are primarily outcomes. The department deserves credit for articulating its strategic and performance goals in such an outcome-oriented way. While State has many strategic goals, it has arrayed them under four overarching "strategic objectives" (p. 10). The grouping of strategic goals under the first two strategic objectives is quite logical and coherent.

DOT has five programmatic strategic goals and one management goal (p. 2). All of the programmatic goals address outcomes, some more clearly than others. For example, the first goal, captioned "Safety," is manifestly outcome-oriented: "Enhance public health and safety by working toward the elimination of transportation-related deaths and injuries." The second, captioned "Security," is less clear: "Balance homeland and national security transportation requirements with the mobility needs of the Nation for personal travel and commerce." However, each programmatic goal is accompanied by "strategic outcomes" that almost always are outcomes, as promised. (See pp. 37, 49, 60, 65.) Of the 19 strategic outcomes, at least 15 are clearly results-oriented.

**Weakest Scores:** Numerous.

Agencies typically enunciate strategic goals, performance goals or objectives, and measures. Nine different reports received a score of 2 on this criterion; none received a 1. Most of these reports have few outcome-oriented measures. The majority of strategic and performance goals are usually not outcomes.

This particular criterion is crucial for effective performance reporting, and it is also crucial for earning a high score. A report's success on the next three criteria depends in part on whether it has enunciated outcome-oriented goals and measures; it is possible to do well on the other three criteria without having outcome-oriented goals and measures, but not easy.

**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 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:** GSA, Labor, Transportation, Veterans Affairs

GSA was quite innovative in assigning performance measures to its goals. For example, the agency uses an earned value technique to assess construction project performance on all projects of more than \$10 million (p. 46). By using this technique, the agency is able to measure the percentage of construction projects completed on schedule and thus begin to realize an increase in the number of projects on schedule, and ultimately reach the goal of improved asset management. GSA has other goals and measures that relate directly to its outcomes. Some of the better ones are not in the list of 14 key goals—e.g., cost savings on telecommunications

services (pp. 189-90); cost-savings and income-generation goals and measures under strategic goals 2 and 3 (pp. 191-92). Conversely, the 14 key goals seem weak in some respects. For example, the six key measures under strategic goal 1 (provide best value for customers and taxpayers) consist of three customer service measures, two activity measures, and only one measure that is obviously related to the goal (cost of leased space relative to market).

Labor's highly outcome-oriented measures generally tie directly to the department's outcome goals and provide useful and relevant information on performance relative to those goals. The narratives accompanying each goal and measure in the main body of the report and in Appendix 4 reinforce the linkages between measures and goals.

Like the goals, DOT's performance measures are highly outcome-oriented. Of the 24 performance measures for DOT's five strategic goals, at least 21 clearly focus on results. The most impressive are the eight measures under the safety goal, all of which track important outcomes (p. 37). Even a majority of the measures for DOT's management goal are outcome-oriented. (See p. 69.) Almost all of the outcome measures have a direct relationship to the strategic goals and objectives to which they apply. One curious feature, however, is that there appear to be no performance measures for the department's homeland security goal and its strategic outcome of reducing the vulnerability of the transportation system and its users to crime and terrorism (p. 65).

On their face, most of the VA's measures appear to be logically connected to the outcome goals. Beyond this, the report provides considerable additional discussion of the relationship between measures and goals. See the section on assessment of data quality (pp. 77 et seq.) and the section on data for the key measures (pp. 180 et seq.). For example, the report notes that a measure defining reasonable access to a burial option as a cemetery within 75 miles of a veteran's residence at the time of death is based on data showing that 80 percent of those interred in national cemeteries resided within this distance at the time of death.

#### **Weakest Scores:** Defense, NASA

The 13 performance measures in the Defense Department's report cover a few specific things, but they do not begin to capture the breadth and depth of the department's operations. Nor do they appear to measure key results that bear directly on strategic outcomes such as force and equipment readiness. Perhaps most unusual, the Defense report says little about its most significant result – the outcome of the war in Iraq – beyond a passing mention in the deputy secretary's transmittal letter.

NASA's report generally does not identify what measures the agency is using to assess its performance against its annual goals. Typically, the narratives in Part 2 state whether NASA achieved or failed to achieve the goal and then list a number of things that the agency did relative to the goal. Sometimes the goals are stated in terms of meeting a certain number of performance indicators under that goal (e.g., pp. 65 and 67). However, the narratives do not disclose what the performance indicators are or how success or failure is being assessed. The report states that performance indicators for goals can be found in the original fiscal 2003 performance plan and identifies the web site where the plan is located (p. 62). However, a reader of the performance report should not need to reference another document to view information as critical as the performance indicators. Absent the indicators, it is impossible to understand the basis for reporting results.

**7. Does the agency demonstrate that its actions have actually made a significant contribution toward its stat-**

## ed goals?

The report should show 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 or other empirical evidence of a cause/effect relationship. 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 are helpful in keeping expectations ambitious, yet realistic. External factors, however, should be treated as influences that must be controlled for in order to identify the agency's contribution — not excuses for a failure to demonstrate performance.

**Strongest Scores:** Interior, State, Transportation, Veterans Affairs

No report received a 5 on this criterion; four received a 4. These agencies adopted outcome measures whose links to their goals were either intuitively clear or could be logically explained. In particular, the State and Transportation reports used brief narratives accompanying their individual measures to explain the significance of the measure and how it related to the goal it supported.

**Weakest Scores:** Defense, HHS

Both reports received a 1 on this criterion.

The Defense Department obviously had major accomplishments in fiscal 2003. However, the report does not discuss them either in relation to its performance goals or even more generally in narratives. The information that is reported is mostly statistical in nature, and leaves it to the reader to imagine or depend on other sources to understand what the department is doing to accomplish its strategic objectives.

The HHS narratives discuss the department's contributions and highlight some specific accomplishments. However, it is impossible to conclude that the department has demonstrated significant contributions toward its goals when the report includes no performance results against its stated goals and measures for fiscal 2003.

## 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 according to outcome measure that can then be used to calculate cost per unit of success and to compare alternative methods of achieving the same goal. An agency cannot obtain the highest score on this criterion unless it breaks cost information down sufficiently to make such calculation possible.

**Strongest Score:** SBA



The SBA report clearly is a best practice in this regard. Tables in Management's Discussion and Analysis link SBA's fiscal 2003 budget resources to its strategic goals and long-term objectives (pp. 11-12). The tables for each long-term objective further allocate costs down to each individual outcome performance measure under the applicable long-term objective. (See, e.g., p. 51.) This cost information is presented going back to fiscal 2000. Thus, as SBA measures performance in the future, it will be possible to calculate the cost of each outcome.

**Weakest Scores:** Defense, GSA, HHS, HUD, NASA

Each of these reports earned a 1 on this criterion. The Defense, GSA, and NASA reports had no content on this subject. The HHS and HUD reports furnished cost information broken down in other ways, but not by strategic goals, objectives, or outcome measures.

#### 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. Anecdotes and success stories can be important communication strategies in this regard, but their value is limited if not backed up by solid performance data.

**Strongest Scores:** Agriculture, EPA, Interior, Labor, State, Transportation, Veterans

No report earned a 5, but these seven earned a 4.

Most of the reports receiving this score employed outcome-oriented goals and measures to demonstrate what the agency accomplished. In some cases, the accomplishments conveyed obvious benefits to citizens. In other cases, the report successfully linked the accomplishments to citizen concerns through narratives and vignettes demonstrating how the accomplishments affected real people.

**Weakest Score:** Defense

Virtually nothing in the report describes the department's performance results, or its impact on Americans.

##### 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 Scores:** Agriculture, Transportation

Both of these agencies received a 4.

Agriculture reports that it failed to achieve three goals. These performance shortfalls are highlighted early on and then explained in more detail later in the report (pp. 10-11; pp. 38-39; 46-47; p. 88). The explanations are thorough and describe what future changes will be made.

Transportation's report clearly discloses performance shortfalls and consistently provides explanations for them. Most of the explanations are quite insightful, indicating that the department has given careful thought to the shortfall and is working to improve on it. For example, the report thoroughly analyzes the failure to achieve its fiscal 2003 target for reduced highway fatalities (pp. 38 et seq.). It notes that one key to improvement is increasing the use of safety belts and discusses what DOT is doing to achieve greater use of safety belts. Another good example is the explanation for failure to meet a target relating to natural gas and hazardous liquid pipeline incidents (p. 47). However, a few explanations are weaker. For example, the report states that a target relating to leaks of hazardous materials was missed because of two large spills, but does not elaborate on why these spills occurred (p. 63).

**Weakest Score:** HHS

HHS reports no performance shortfalls for fiscal 2003. For the 18 "key" measures covered by the report, this occurs because the report provides no data on actual fiscal 2003 performance results to show whether or not HHS met these goals. Presumably, final fiscal 2003 data are available for at least some of the department's other 600+ measures, and presumably some of those data would show performance shortfalls. However, the report says nothing about them.

**11. Does the report adequately address major management challenges?**

The report should describe how risks to an agency's success are being minimized so as 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 agency's inspector general and General Accounting Office, agency responses indicating an appreciation of threats to its mission and goals, and an anticipation of future risks.

**Strongest Scores:** Education, OPM, SBA, Transportation, Veterans

All of these reports received a 4 on this criterion. The two best ones (SBA and Transportation) illustrate a number of practices that may be useful to other agencies.

The combined efforts of the SBA and its inspector general make this one of the most informative reports for purposes of assessing major management challenges. The presentation of major management challenges by the agency's inspector general, which appears in Appendix 3, represents a best practice for inspectors general (pp. 25 et. seq.). This presentation breaks down each challenge into specific remedial actions that need to be taken and assesses the agency's progress on each action item. For its part, the agency's report integrates its discussion of management issues with the goals and objectives to which they apply. The narratives accompanying each long-term objective in the body of the report describe and respond to any management issues raised by the inspector general, General Accounting Office, the financial statement audit, and Office of Management and Budget. In addition, Appendix 1 lists relevant inspector general audits and findings for each applicable long-term objective. Appendix 2 does the same for relevant General Accounting Office recommendations. In terms of substance, the inspector general's evaluations and the agency's descriptions of its actions indicate that SBA is making good progress on a number of management challenges. According to the inspector general, however, SBA is struggling in some areas—most notably financial management, the effective implementation of the 8(a) program, and preventing loan agent fraud.

DOT's inspector general states that DOT "is making real progress on most of its management challenges, either through implementing changes or by developing detailed plans to do so in the near future." The body of the inspector general's report likewise indicates that the department is making good progress in many areas. Indeed, the inspector general removed two major management challenges from his list of the prior year. The DOT report integrates its response to each of the inspector general's challenges (as well as challenges identified by General Accounting Office) into its discussion of the applicable performance goal and measure(s). This is a very informative approach and a potential best practice. Most of the department's narratives list specific steps that are being taken to address the challenges.

**Weakest Scores:** Numerous.

Half a dozen reports received a score of 2 on this criterion. These reports include the inspector general's list of major management challenges, and sometimes also a list of challenges identified by GAO, but they usually fail to offer any response. Those that do say how they are responding to the challenges tend to mention activities like establishment of task forces or reorganization, rather than specific solutions.

**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 law's intent is to hold agencies accountable for results rather than for 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 with 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?

This year's performance reports present an especially attractive opportunity to foreshadow future changes, because many agency strategic plans have been revised in the past year or two. Lessons learned in the revision of the strategic plans should be reflected in the performance report's forward-looking discussion.

**Strongest Score:** Transportation

Transportation's report received a 5 on this criterion. The report presents an overview of "future steps" in some key programmatic and management areas (p. 95). For example, it describes the need for enactment of legislation to reauthorize its surface and aviation programs. The narratives accompanying each performance goal and measure provide greater detail on future challenges. These narratives also contain thoughtful analyses of current performance results and how to improve them. The analyses of how to do better cover both performance shortfalls and also areas in which DOT met its targets but aims to improve even more. The department regularly challenges itself with more rigorous performance targets over the years. Overall, the report clearly demonstrates that DOT is a forward-looking department, and that it is seriously engaged in thoughtfully evaluating and continuously improving its performance.

**Weakest Scores:** Defense, USAID

There is little in the report that describes how Defense will improve in relation to its fiscal 2003 performance results as described in the report. The report indicates briefly that efforts are underway to transform the department, but offers no specifics.

The USAID administrator's letter contains some general discussion of future challenges and directions the agency will take, and other narratives in the report touch on these subjects. Overall, though, USAID's report does not provide a reasonable basis to assess its current performance, identify progress from one year to the next, or understand how it will improve in the future.

# AGENCY-BY-AGENCY SCORING SUMMARIES

## *IN FISCAL 2003 RANK ORDER*

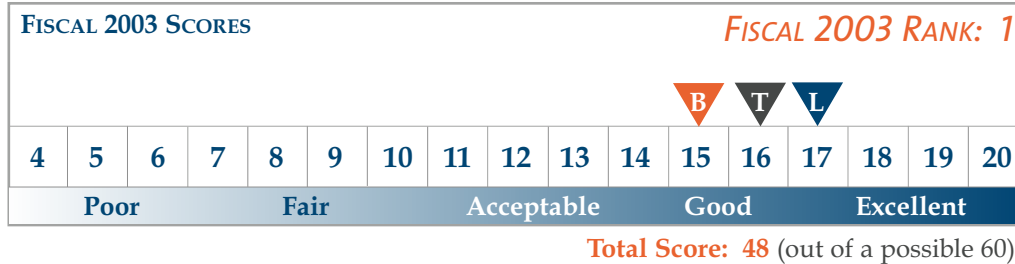
This section summarizes the scores received by each agency in the three major scoring categories: Transparency, Public Benefits, and Leadership. Each agency summary appears on a separate page in rank order from highest to lowest. The graphics on each summary page show the scores each agency received in the three categories for fiscal 2003 and the ranking each agency has earned on the Scorecard for fiscal 1999 thru fiscal 2003.

For example, the Department of Labor this year earned scores of 18, 16, and 14 on the Transparency, Public Benefits, and Leadership criteria respectively. The Department of Transportation earned corresponding scores of 16, 15, and 17. The total of these scores (48) tied Labor and Transportation for the number one rank this year among their peers. The tie represents an improvement for Transportation, which ranked second in fiscal 2002 with 39 points, one point behind Labor.

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 evaluative categories: Transparency, Public Benefits, and Leadership.



# DEPARTMENT OF TRANSPORTATION (DOT)



## **T** TRANSPARENCY

- Home page contains a direct link, where one finds a table of contents and sections of the report available for downloading.
- Highly readable report includes a concise overview, useful “reader’s guide,” and a manageable number of goals.
- Data appear complete and reliable, but report refers to supplementary information on data sources and accuracy that could not be found.
- Baseline and trend data since 1997 indicate that DOT usually adopts more challenging goals each year.

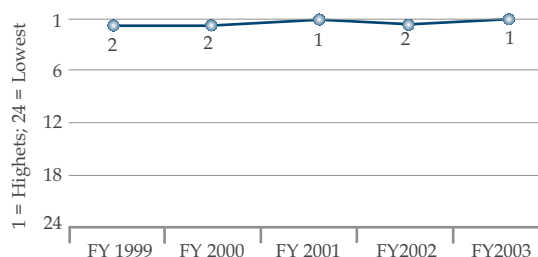
## **B** PUBLIC BENEFITS

- All five strategic goals and 15 of 19 supporting “strategic outcomes” are results-oriented.
- Twenty-one of 24 performance measures for strategic goals focus on results.
- No performance measures for homeland security goal.
- Descriptions demonstrate DOT’s impact in spite of significant external factors affecting results.
- Costs are somewhat linked to strategic goals, but not to performance measures.

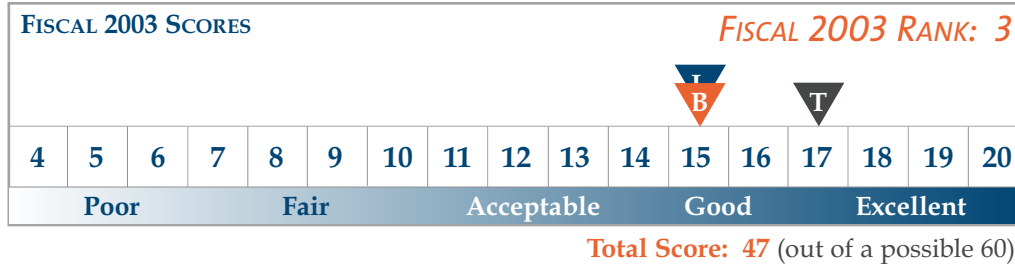
## **L** LEADERSHIP

- DOT clearly explains missions involving the safety, quality, and efficiency of the U.S. transportation system.
- Most discussions of performance shortfalls include specific measures to remedy them.
- Responses to major management challenges identified by both the inspector general and General Accounting Office are integrated into discussion of relevant performance goals and measures.
- Report extensively analyzes opportunities for improvement, even in areas where targets were met.

## *RANKING HISTORY*



# DEPARTMENT OF VETERANS AFFAIRS (VA)



## **T** TRANSPARENCY

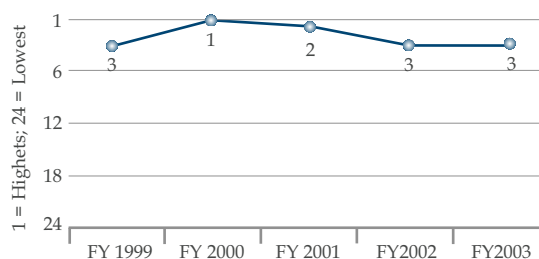
- Report is available on web page, but only by searching for “performance and accountability report” or via a link on the VA’s budget office home page.
- Available as one file or a series of smaller files.
- Highly readable report includes a “performance scorecard” showing results of 27 key performance measures in fiscal 2003 and 2002.
- Appendix discusses data sources, limitations, and verification/validation for the 27 key performance measures. Preliminary data are supplied for about 30 percent of measures for which final data are not available.
- Baseline and trend data often stretch back to 1999, and data on key measures include targets.

## **B** PUBLIC BENEFITS

- Two of four program strategic goals are clearly outcomes; at least 40 percent of key measures also are outcomes.
- Most measures are logically connected to their outcome goals.
- Outcome measures allow VA to demonstrate directly its effects on veterans’ wellbeing.
- Budget is broken down by strategic goals, strategic objectives, and (in some cases) performance measures.

## **L** LEADERSHIP

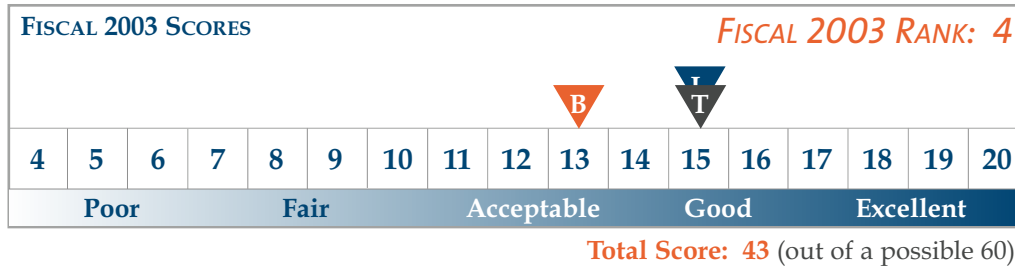
- Report explains how VA serves veterans, but also how activities such as medical research at VA facilities benefit the broader public.
- Clearly discloses performance shortfalls and usually provides informative explanations of actual causes.
- Describes major management challenges identified by the inspector general and the steps VA is taking to address them.
- Wealth of valuable information in the report conveys a clear impression that VA thoughtfully scrutinizes its performance and seeks ways to improve.



## *RANKING HISTORY*



# DEPARTMENT OF AGRICULTURE (USDA)



## **T** TRANSPARENCY

- Report is available several clicks from the home page, but not identified on the home page. Can be read or downloaded in either one PDF file or a series of files.
- Well-organized, easy to navigate, candid in highlighting goals missed. Contains a manageable number of goals (40) and a “performance scorecard” summarizing results.
- Includes a thorough assessment of performance data and description of steps underway to address any deficiencies.
- Baseline and trend data often reach back to 1999.
- Reasons underlying some quantitative targets are unclear.

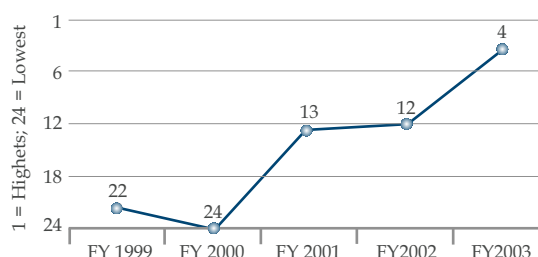
## **B** PUBLIC BENEFITS

- Four of five strategic goals are outcomes; most of the 40 annual performance goals under these strategic goals are activities.
- Measures are a mix of outcomes, activities or outputs closely related to outcomes, and activities or outputs with tenuous connection to outcomes.
- Most (but not all) narratives demonstrate how the department’s activities influence achievement of its goals.
- Graphs, tables, and narratives allocate both budget and staff among strategic goals and strategic objectives.

## **L** LEADERSHIP

- Narrative under each strategic objective includes a section on “Serving the Public,” which generally do a good job of explaining public benefits flowing from USDA’s work.
- Report thoroughly explains failure to achieve three goals and describes changes to be made in the future to remedy the problems.
- Department describes steps to address management challenges identified by inspector general and General Accounting Office, but timelines for some indicate little urgency.

## *RANKING HISTORY*



# DEPARTMENT OF STATE (STATE)



## **T** TRANSPARENCY

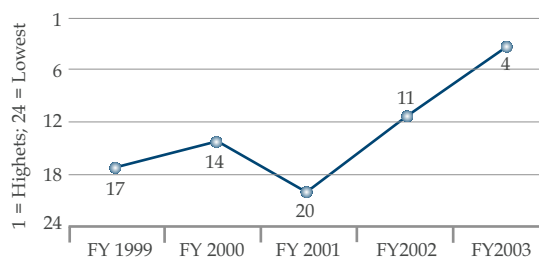
- Home page has explicit link to the performance report, which is available in PDF or HTML, as a single document or multiple segments. A shorter “highlights” document is also available.
- Report is well-organized, visually appealing, and highly informative. Principal detractors are liberal use of acronyms, sheer volume of information (171 performance measures), and relegation of data source and reliability information to a CD-Rom.
- Little indication that performance data are systematically verified, though report notes that managers may be required to verify and validate data in the future.
- Performance results generally include baseline and trend data going back to 2000 or earlier.

## **B** PUBLIC BENEFITS

- Vast majority of the 12 strategic goals and 38 performance goals are outcomes.
- Performance measures are a mix of outcome, output, input, and efficiency measures. Approximately 38 of 171 measures are outcomes.
- Report contains excellent explanations of how the department influences outcomes over which it has little direct control, but less convincing explanations of its effects on outcomes where it has more control.
- Costs and personnel are allocated to strategic goals, but not to performance measures.

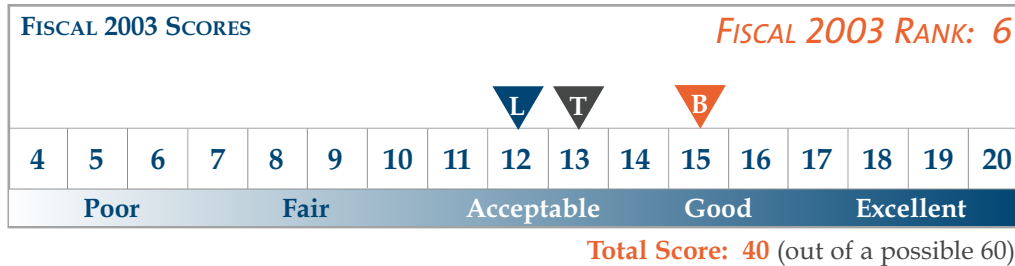
## **L** LEADERSHIP

- Report provides an excellent model in explaining why the department exists and how its actions benefit Americans. This is especially strong where the department has adopted outcome-oriented goals and measures.
- Explains performance shortfalls for the five performance measures with results “significantly below target,” but does not consistently provide such explanations for the 16 measures that were “slightly below target.”
- Describes how department is addressing most, but not all, management challenges identified by the inspector general and General Accounting Office.



## *RANKING HISTORY*

# DEPARTMENT OF THE INTERIOR (INTERIOR)



## **T** TRANSPARENCY

- Report was difficult to find from the home page. Available as one file or several separate files.
- Written for lay readers, the report even includes a roadmap suggesting which sections would be of most use to different audiences. Well-organized, visually appealing, good tables and graphics. Sheer number of performance goals (323) and diversity of different component organizations inhibits understanding.
- All offices employ an unspecified “data validation and verification process.” Ninety-six percent of measures are reported, sometimes with preliminary data if final data are not available.
- Baseline and trend data usually furnished back to 1999. Long-term goals for future years provide context.

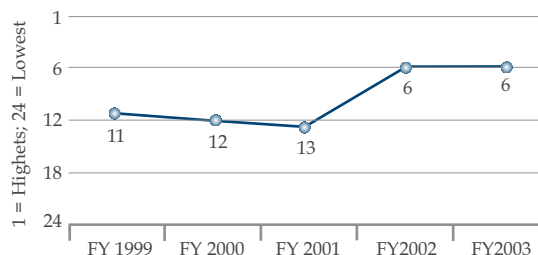
## **B** PUBLIC BENEFITS

- Most of the five program strategic goals and their 18 objectives are outcomes. The 322 performance goals are a mix of outcomes and activities.
- Outcome-oriented measures appear to be valid indicators of the agency’s impact, but most of the activity measures are not well-connected with outcomes.
- Entire budget for fiscal 2003 and 2002 appears to be allocated among strategic goals and “GPRa program activities,” which are not defined or explained. Costs are not allocated to individual performance goals.

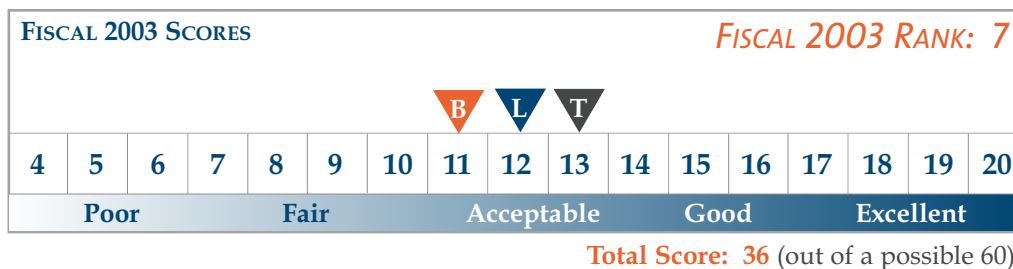
## **L** LEADERSHIP

- Secretary’s transmittal letter and narratives in report effectively demonstrate important public benefits that result from the department’s programs and activities.
- Summary of six major management challenges fails to clearly address most major challenges identified by the inspector general.
- For future years, Interior has adopted a new strategic plan with fewer strategic goals, focused on department-wide priorities instead of just reporting on activities and outcomes of a collection of separate bureaus.

## RANKING HISTORY



# ENVIRONMENTAL PROTECTION AGENCY (EPA)



## **T** TRANSPARENCY

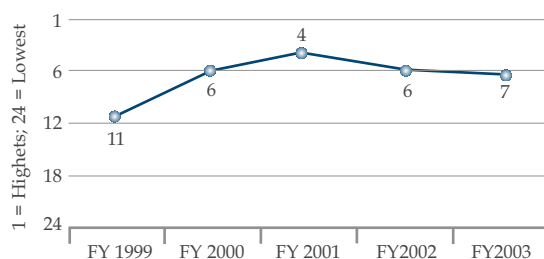
- Report is available via an “About EPA” link on the home page. Readable or downloadable in PDF format in one file or in sections.
- Overview is highly readable and informative, with helpful graphics; portion of report addressing specific performance goals is much less readable.
- Narrative contains notes sourcing much performance data.
- Timeliness of data is a significant problem; data were unavailable for 23 out of 64 goals.

## **B** PUBLIC BENEFITS

- Five new strategic goals are outcome-oriented, and most goals and measures under first two strategic goals reflect outcomes.
- Outcome measures appear to have logical relationship to outcome goals, but activity measures are not very linked to the outcomes they are supposed to produce.
- No evidence of independent validation of performance measures.
- Report quantifies specific results of some actions, and an appendix describes program evaluations by both EPA and independent authorities.
- Financial statements allocate costs for fiscal 2003 and 2002 among strategic goals.

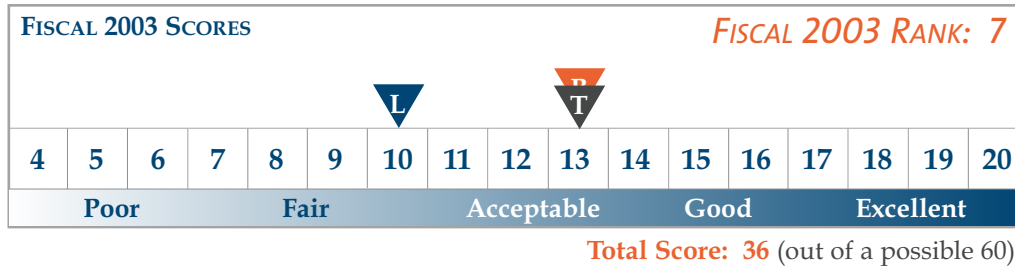
## **L** LEADERSHIP

- Agency discloses that it failed to meet 11 of the 41 goals for which data were available, but provides little explanation of what caused the shortfalls or what changes will be made to remedy them.
- Report identifies management challenges and explains what EPA is doing in response to about half of the major management challenges identified by the inspector general.
- EPA hopes to improve future performance by adopting five outcome-oriented strategic goals, developing a new financial system to link resources and performance data, and developing new performance measures.



## RANKING HISTORY

# NUCLEAR REGULATORY COMMISSION (NRC)



## **T** TRANSPARENCY

- Report is not mentioned on home page but is available several clicks away. Downloadable only as a single file.
- Document is well-organized, generally clear, and contains much useful background information about the agency's performance measurement. Some performance information is only partially explained or difficult to ferret out of narratives.
- Significant discussion of data sources, verification, and validation procedures.
- Six years of data are furnished for each goal and measure, but most entries simply state "goal was achieved."

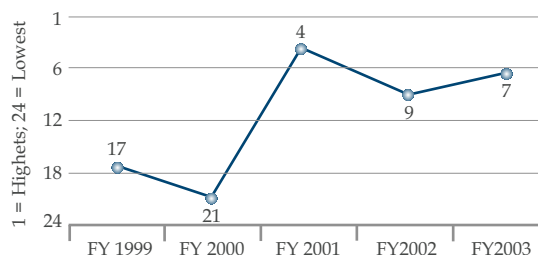
## **B** PUBLIC BENEFITS

- Strategic goals and main related performance goals and measures are outcomes.
- Additional goals and measures are a mix of outcomes and outputs.
- Narratives present an intuitive case that agency is accomplishing its goals, but actual progress is difficult to ascertain because many goals have binary "pass/fail" outcomes (e.g., "no serious nuclear or radiological mishaps"). Budget and costs are linked to strategic goals and major programs.

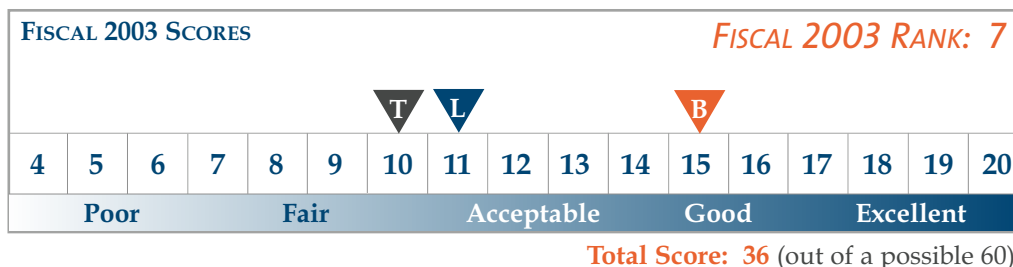
## **L** LEADERSHIP

- NRC's health and safety goals are of obvious interest to the public.
- Agency reports no performance shortfalls. This is likely an artifact of "pass/fail" nature of many of its goals.
- Report explains NRC actions taken in response to nine major management challenges identified by the inspector general.
- Narratives suggest that NRC takes future challenges seriously, but most of the performance goals and measures fail to facilitate this.

## *RANKING HISTORY*



# SMALL BUSINESS ADMINISTRATION (SBA)



## ▼ T TRANSPARENCY

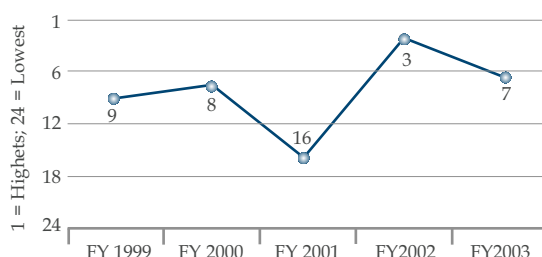
- Mercatus researchers could not locate fiscal 2003 report on SBA’s web site.
- Report contains valuable information and candid discussion, but performance results are not always clear.
- Performance data sources and limitations are thoroughly disclosed.
- Nearly half of outcome measures lack current data, and SBA received a disclaimer of opinion on its financial statements.
- Performance results include baselines and trends back to 2000, as well as long-term objectives and targets for future fiscal years.

## ▼ B PUBLIC BENEFITS

- The three programmatic strategic goals, nine of 11 long-term objectives, and about half of 45 annual performance goals are outcomes.
- Outcome measures appear logically linked to goals, but many activity measures are not.
- Report divides budget resources among strategic goals, long-term objectives, and individual outcome performance measures, making it possible to calculate the cost of each outcome.

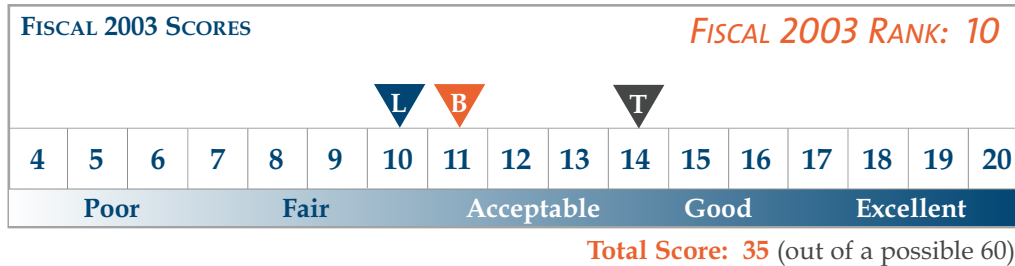
## ▼ L LEADERSHIP

- Report contains anecdotes illustrating how particular individuals and businesses have benefited from SBA assistance.
- SBA says performance “substantially met expectations” if 2003 measure was 10 percent or less below target.
- Text narratives do not identify or explain shortfalls very well.
- Extensive discussion of management challenges identified by the inspector general, General Accounting Office, and Office of Management and Budget.
- Little discussion of plans to remedy 2003 performance shortfalls, some discussion of planned improvement in management areas.



## RANKING HISTORY

# GENERAL SERVICES ADMINISTRATION (GSA)



## **T** TRANSPARENCY

- Report is available as a single PDF document from a link on the home page.
- Includes a user's guide, tables summarizing performance results, and appendices with trend data.
- Large number of goals (78) detracts from readability.
- Fiscal 2003 results reported for all but one of 78 goals.
- Trend data usually furnished back to 2000, but report furnishes little information to put quantitative goals and results in context.

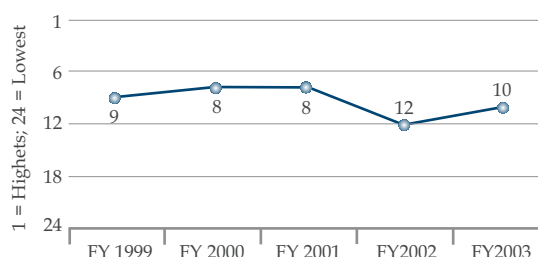
## **B** PUBLIC BENEFITS

- Three of six strategic goals are outcomes; performance goals are a mix of outcomes and activities.
- Many innovative performance measures assigned to goals.
- Goals and measures focus largely on factors under GSA's control.
- No information linking goals or results to costs.

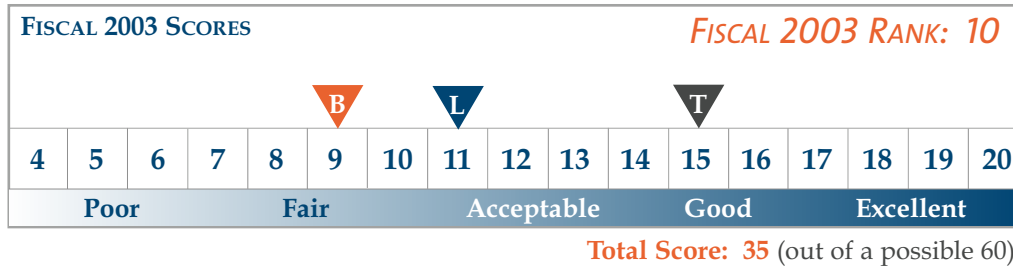
## **L** LEADERSHIP

- Transmittal letter highlights ways that GSA serves the public, both directly and by getting good value for taxpayers through its services to other government agencies.
- Failures to achieve goals are disclosed, but explanations do not reach root causes.
- Report summarizes inspector general's list of major management challenges without explaining how GSA is addressing them.
- Little discussion of planned future performance improvements.

## *RANKING HISTORY*



# DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT (HUD)



## T TRANSPARENCY

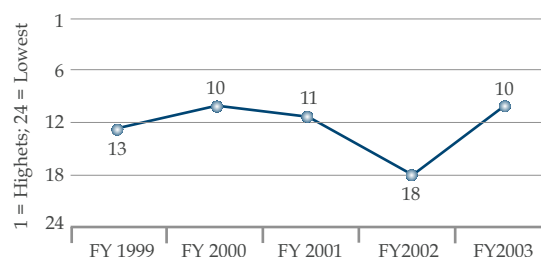
- Report is included under “highlights” on the home page, downloadable only as a single document.
- Includes navigation aids; summary of mission, goals, and objectives; and trend information.
- One hundred ninety-one performance measures make for lengthy and complicated reading.
- Data sources identified, verification procedures described, and limitations noted.
- Data unavailable for 24 of 191 performance measures.
- Report includes baseline and trend data back to 2000, when available.

## B PUBLIC BENEFITS

- Three of strategic goals are outcomes, three are not outcomes and two are in-between.
- Most annual performance indicators are activities or outputs, and some do not have targets.
- HUD describes initiatives to develop additional outcome measures and utilize program evaluations.
- Costs are broken down by organization, program, and activity, but not by strategic goals or results.

## L LEADERSHIP

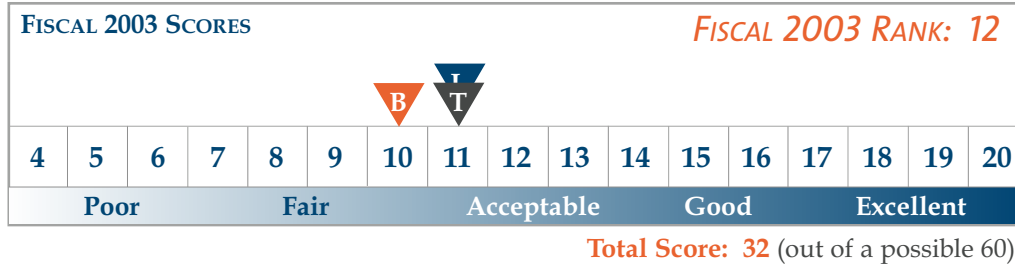
- Performance shortfalls are hard to identify because failure to indicate a goal was “substantially met” may mean it was not met or merely that data were not available.
- Some shortfalls acknowledged, but not all explanations are informative.
- HUD identifies major management challenges and measures to address them. Some of the measures are identification and groundwork activities rather than implementable solutions.
- Report indicates HUD is taking steps to better assess and improve performance. Some involve specific actions, but others amount to promises to keep trying.



## RANKING HISTORY



# DEPARTMENT OF EDUCATION (EDUCATION)



## T TRANSPARENCY

- Report is not mentioned on home page but could be found several clicks away. Available in one PDF file or separate sections.
- Logical organization and fairly readable prose, but descriptions of specific performance measures are hard to follow. Heavy use of acronyms detracts from readability.
- Data are missing for 18 of 32 program-related performance measures.
- Measures seem to be in continuing state of flux, perhaps due to changing statutory requirements.

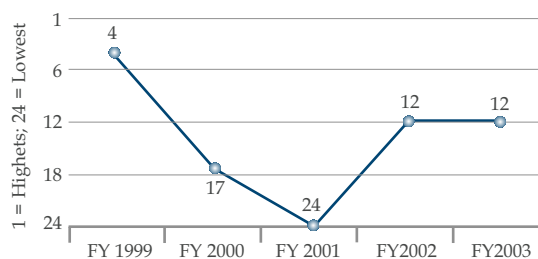
## B PUBLIC BENEFITS

- One strategic goal and associated objectives are outcome-oriented; remainder are a mix of outcomes and activities.
- Activity measures not linked to outcomes.
- Report provides many statistics on education and spending, with little demonstration of how the department's spending achieved its goals.
- Department apportions all of its costs among four of the six strategic goals. Some costs are allocated to programs, but not to objectives or outcomes.

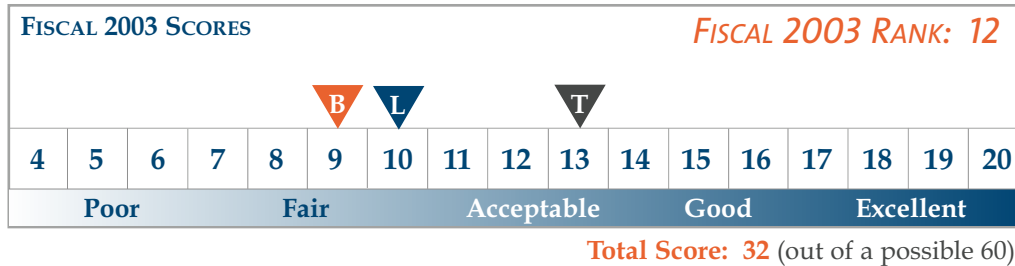
## L LEADERSHIP

- Given the data limitations, report does a decent job of describing how the department can produce public benefits.
- Few clear performance shortfalls identified, in part because many results were reported as "making progress" even though they may fall well short of goals.
- Department's report acknowledges all major management challenges identified by the inspector general, and the inspector general credits the department with making progress on most of these.
- Plans for improvement next year consist largely of eliminating some measures and revising targets.

## RANKING HISTORY



# DEPARTMENT OF ENERGY (DOE)



## T TRANSPARENCY

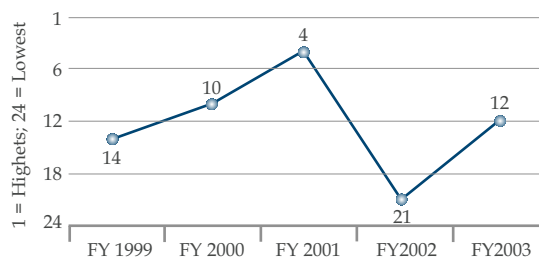
- Home page highlights the report, which is available as a single document or separate files for each major component.
- Management’s overview is well-written and easy to understand, with helpful graphics. Section detailing department’s fiscal 2003 performance is often lengthy and a difficult read.
- Results reported for all performance measures, but data sources are omitted.
- Independent auditor raises questions about quality of performance measurement reporting.
- Goals and measures for several previous years are provided, but few trends can be discerned because few targets or measures are quantifiable outcomes.

## B PUBLIC BENEFITS

- Most strategic goals are outcomes or outcome-related, but most annual goals, performance measures and targets are activities.
- Measures fail to demonstrate impact on desired outcomes.
- Costs are allocated to strategic goals and underlying general goals for 2002 and 2003, but not to programs or outcomes.

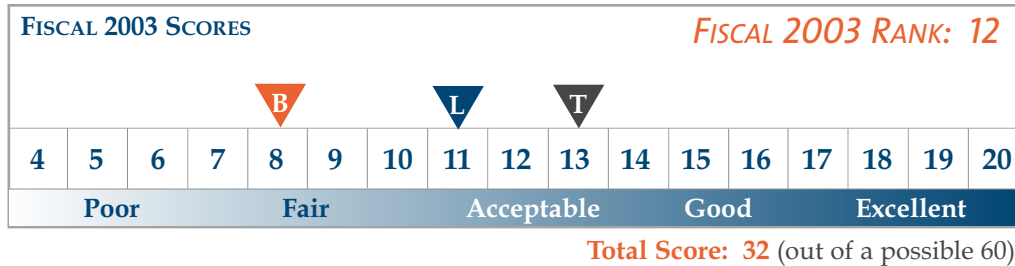
## L LEADERSHIP

- Overview describes accomplishments that benefit the public; a more persuasive case would result if the department actually had outcome-oriented performance measures.
- Report identifies performance shortfalls but sometimes offers lengthy, technical, or vague explanations.
- Department lists major management challenges identified by inspector general and General Accounting Office, but most steps to address them are expressed in terms of process, such as developing plans, making organizational changes, or establishing task forces.
- Little indication of future significant changes in policies or procedures.



## RANKING HISTORY

# SOCIAL SECURITY ADMINISTRATION (SSA)



## T TRANSPARENCY

- Report located on web site by searching for “performance report.” Downloadable in one file or in sections.
- Succinct narrative, excellent graphics, and helpful summary table of performance results. Less helpful are the extensive use of acronyms and discussion of management issues that appears to blend management accomplishments and program performance.
- Extensive discussion of systems that generate data, but the inspector general indicates some problems with documentation of performance data.
- Final data not available for seven of 45 performance measures.
- Baselines and trends stretch back to 1999.

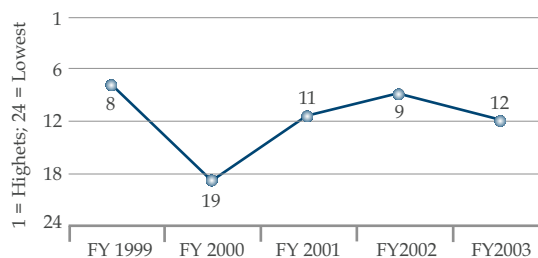
## B PUBLIC BENEFITS

- Strategic goals generally are not measurable outcomes; five of nine strategic objectives are at least partially outcomes.
- Majority of 17 “key performance measures” are activities or outputs that do not demonstrate the agency’s impact on its outcome goals.
- Report allocates all of \$8.6 billion in administrative costs among the strategic goals, but not to objectives or measures.
- More than \$500 billion in benefit payments are not allocated to any goals or results.

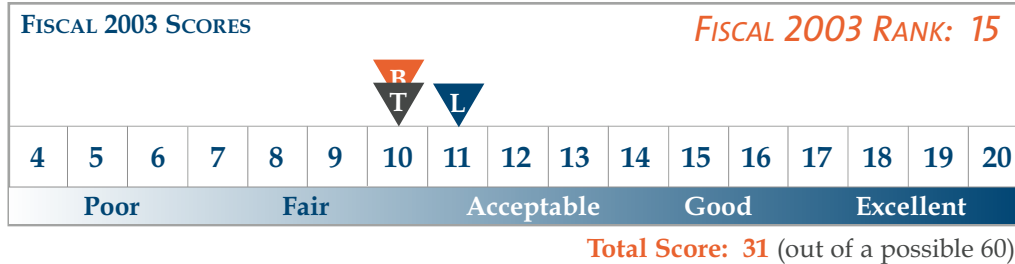
## L LEADERSHIP

- Report explains how SSA’s programs aid the beneficiaries and even articulates “outcome indicators” dealing with the impact of Social Security programs – then declines to set goals for these indicators.
- Agency identifies unmet goals but generally provides little informative explanation.
- Report discusses “big picture” challenges for Social Security, but provides little information on how the agency will address specific performance shortfalls.

## RANKING HISTORY



# DEPARTMENT OF JUSTICE (DOJ)



## **T** TRANSPARENCY

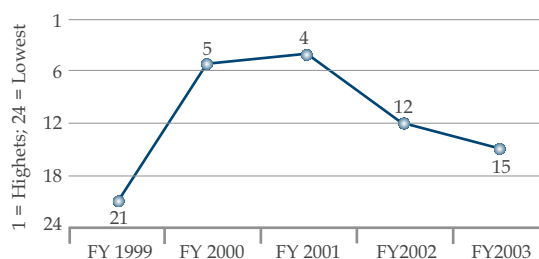
- Fiscal 2003 performance report could not be located on the DOJ web site.
- Introduction and section on selected accomplishments highlight key accomplishments of great interest to citizens.
- Unexplained gaps in numbering system for objectives and goals, combined with liberal use of acronyms, create substantial confusion.
- Data sources, verification and validation information, and data limitations are all explained.
- Baseline and trend data usually extend back to 1999.
- Little information on how targets were set.

## **B** PUBLIC BENEFITS

- Programmatic strategic goals are outcome-oriented when read in conjunction with their strategic objectives.
- Outcome measures are linked to strategic goals, but activity measures are not.
- Agency demonstrates its contribution when it discusses outcome measures, but not when it discusses activity and output measures.
- Budget is allocated among strategic goals for fiscal 2003 and fiscal 2002, but not to objectives or measures.

## **L** LEADERSHIP

- DOJ shows public benefits in cases where it adopted measurable outcome goals.
- Data in report indicate whether DOJ met most goals, but it often takes a careful read to ascertain this.
- Explanations of failures to achieve goals are inadequate or nonexistent.
- Report identifies many measures taken to address major management challenges.



## RANKING HISTORY

# DEPARTMENT OF COMMERCE (COMMERCE)



Total Score: 30 (out of a possible 60)

## T TRANSPARENCY

- Report could be found on web site only by searching for “performance and accountability report.” Major components are available in separate PDF files.
- Reads like a series of reports on individual components rather than a report on achievements of the department as a whole.
- Forty-three performance goals and 162 measures in 563 pages.
- Quality of data verification is uneven, and audits by the inspector general indicate that stronger internal controls for reporting of performance data are needed.
- Trend data go back to 2000, except for the many new measures.

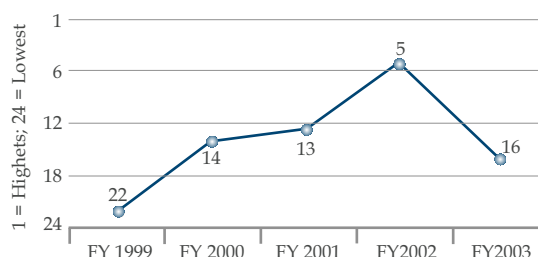
## B PUBLIC BENEFITS

- Strategic goals are not outcomes; half of performance goals are outcomes; most of measures are activities.
- Activity measures say little about agency’s impact on outcome goals.
- Salaries and expenses, personnel levels, and technology funding are allocated to each performance goal.
- These linkages cover the department’s entire budget.
- Further allocation of costs to individual measures would be helpful.

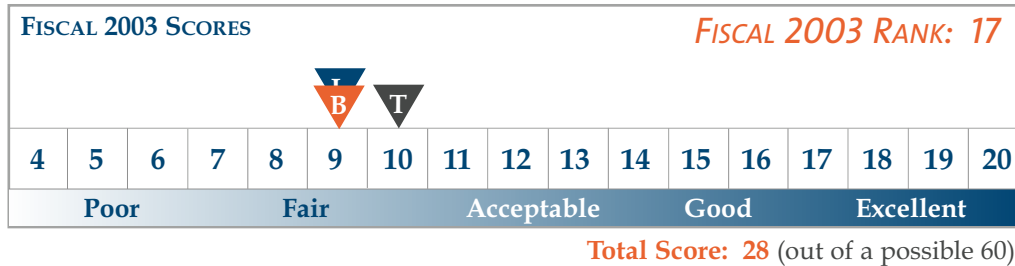
## L LEADERSHIP

- Little information on how the department makes America a better place to live, except for a section highlighting honors and awards.
- Failures to meet goals are disclosed, but not always explained well.
- Report has a worrisome tendency to lower targets from prior years without explanation.
- A summary of “management challenges” addresses only four of ten major management challenges identified by the inspector general.
- Little information on specific changes to improve future performance.

## RANKING HISTORY



# NATIONAL SCIENCE FOUNDATION (NSF)



## **T** TRANSPARENCY

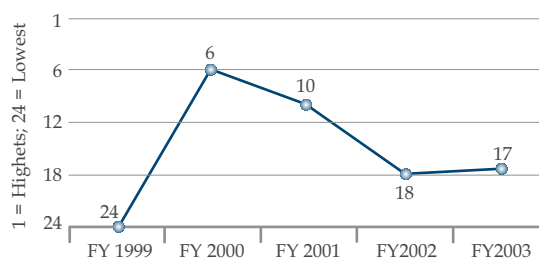
- No specific link to report on home page, but report can be reached via a pull-down menu in a link titled “About NSF.”
- Available as a single file in PDF or HTML.
- Heavy on text, jargon, and acronyms; light on graphics.
- Includes comprehensive explanation of data verification and validation process.
- Performance-related goals have no quantitative baselines, but report indicates whether qualitative performance goals were met in past years.

## **B** PUBLIC BENEFITS

- Strategic goals, performance goals, and measures focus on “developing,” “enabling,” and “supporting” rather than accomplishing clear outcomes. Most of agency’s 16 management goals and their measures are outcomes related to efficiency of agency’s operations.
- Measures often simply restate the goals.
- Report describes achievements of researchers funded by NSF, but it is unclear whether these discoveries would have been made in the absence of NSF funding.
- Budget is allocated to the three strategic goals and administration/management.

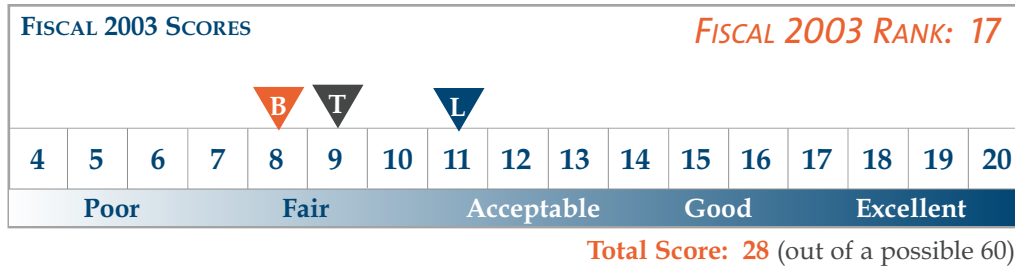
## **L** LEADERSHIP

- Report rarely explains public benefits that could flow from the impressive scientific achievements it describes.
- NSF reports no programmatic failures – perhaps because its evaluation method focuses on identifying its best successes. NSF did report and explain shortfalls associated with management goals.
- Agency offers meaningful steps to address most major management challenges identified by the inspector general, General Accounting Office, and Office of Management and Budget.
- Future challenges are discussed very generally, but there are no specific proposals for improving programs.



## RANKING HISTORY

# OFFICE OF PERSONNEL MANAGEMENT (OPM)



## **T** TRANSPARENCY

- Report is not mentioned on home page but can be found several clicks away. It is available only as a single PDF file.
- Introductory material and highlights offer insight into OPM’s contributions, but remainder of report is acronym-laden and difficult to understand.
- Discussion of data accuracy and assessment is very general.
- Since many measures lack quantitative targets, there are few baselines or trends to report.

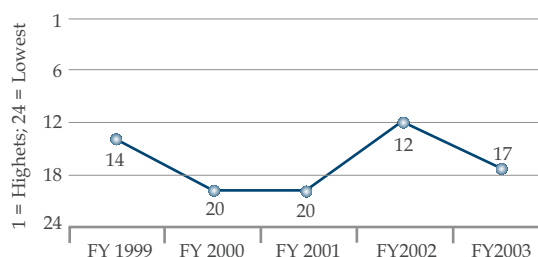
## **B** PUBLIC BENEFITS

- Few of the goals or measures are outcomes.
- Most measures are activities.
- Lack of outcome measures means there is little information to back up OPM’s claim that it played a critical role in establishing the Department of Homeland Security and implementing the Chief Human Capital Officers Act.
- Budget and staff resources are linked to strategic goals, but not to performance goals or measures.

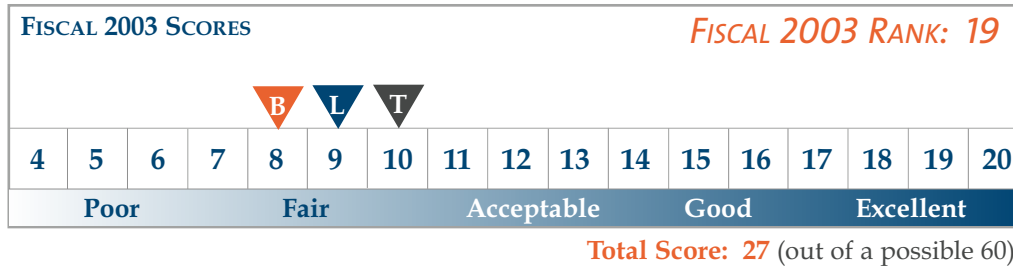
## **L** LEADERSHIP

- Report articulates importance of a strong federal workforce, but fails to document that OPM plays a critical role in achieving this goal.
- An appendix shows data indicating whether targets for individual goals and measures were met. Narrative in document that attempts to summarize this information is much less clear.
- OPM highlights major management challenges, explains how it is addressing them, and compares them to similar items in the President’s Management Agenda. Inspector general’s memo indicates progress.
- Report describes many efforts to improve performance measurement and reporting, including development of better goals and measures.

## RANKING HISTORY



# DEPARTMENT OF THE TREASURY (TREASURY)



## T TRANSPARENCY

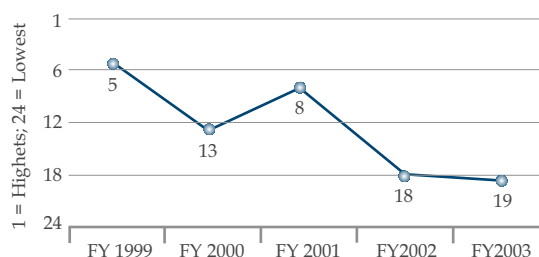
- Home page provides an explicit link to the report, which is available only as a single large PDF file.
- Report discusses accomplishments of different Treasury components without indicating how they relate to department-wide performance goals.
- Treasury aids readability by selecting 24 “key indicators” from 208 performance measures.
- Sources for most data are not disclosed, and there is no evidence that data are independently verified.
- Report generally provides data on performance for fiscal 2003 and three prior years. Since it is not clear how targets were selected, it is unclear how significant the trends are.

## B PUBLIC BENEFITS

- Few strategic goals are outcomes, but some of the performance measures and targets are.
- Limited use of results-oriented measures means it is difficult to assess whether Treasury is accomplishing its goals.
- Links between Treasury actions and some measures, such as GDP growth, are tenuous.
- Budget is broken down among the four strategic goals, but no further.

## L LEADERSHIP

- Report focuses on timeliness, efficiency, and accuracy with which Treasury carries out its functions. Little effort to demonstrate how these functions benefit the American people.
- Explanations of missed goals are brief and tend to downplay significance of the shortfalls.
- Treasury explains what it has done and plans to do to address major management challenges identified by inspector general and General Accounting Office.
- Few strategies for improvement, and a number of performance targets have been maintained at or even reduced from previous years’ levels.



## RANKING HISTORY



# NATIONAL AERONAUTICS AND SPACE ADMINISTRATION (NASA)



## T TRANSPARENCY

- Report can be reached via direct link at the bottom of NASA's home page. Available only as a single PDF file.
- Introductory material and highlights communicate the agency's accomplishments in an engaging way with effective captions, photos, and graphics.
- Main body of report reads like a document written by scientists for scientists.
- It is usually difficult to tell what the performance indicators are, much less identify their data sources.
- An appendix lists goals for each year since 2000 and indicates whether each was met or missed. This does not present many trends since goals are not necessarily similar from year to year.

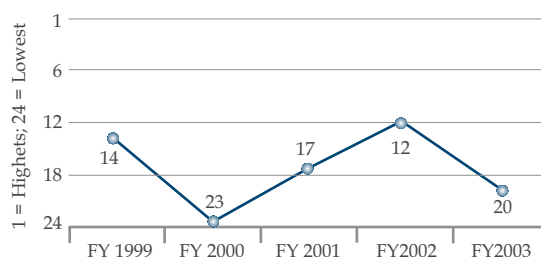
## B PUBLIC BENEFITS

- Two of ten strategic goals refer to outcomes. Few of the 116 annual performance goals are outcome-oriented.
- Report states whether annual goals were achieved, but rarely discloses performance indicators – instead referring the reader to the fiscal 2003 performance plan, a separate document.
- Highlights section describes a number of accomplishments that appear relevant to NASA's goals.
- No content linking goals and measures to costs.

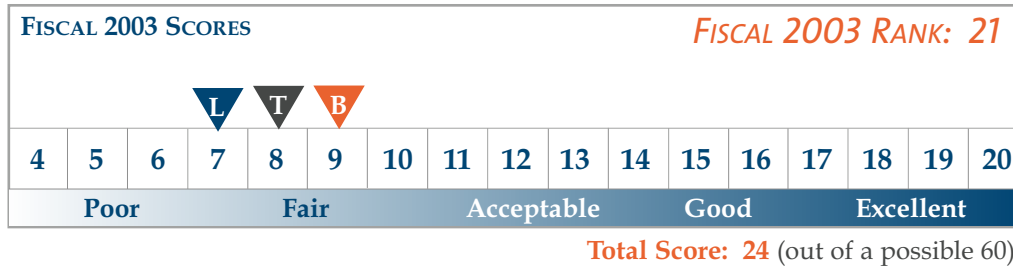
## L LEADERSHIP

- Report describes many scientific findings that have the potential to deliver significant benefits, but performance measures do not appear designed to track such accomplishments.
- NASA indicates whether it met, exceeded, or failed to meet goals, but rarely explains why.
- Agency states that it is addressing major management challenges identified by the inspector general and General Accounting Office.
- One of the few major federal agencies to receive a disclaimer of opinion on its financial statements.
- Report acknowledges challenges and commits to improvement, though it is short on specifics as to what will be done and when.

## RANKING HISTORY



# U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT (USAID)



## ▼ T TRANSPARENCY

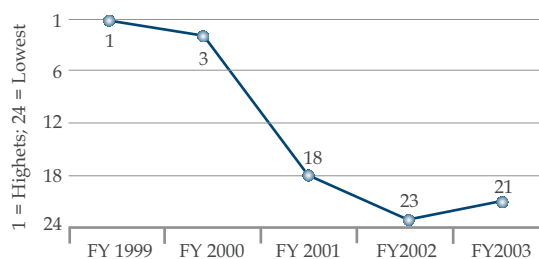
- Report is not mentioned on home page but available several clicks away. Available as a single PDF file, though with bookmarks to assist navigation and reading.
- Acronym-laden document is difficult to decipher. “Operating units” formulated 579 strategic objectives that are available separately on CD-Rom. The report itself focuses on listing percentages of targets for these objectives that were met.
- Inspector general has audited performance data and lists major weaknesses in performance measurement and reporting as a top management challenge.
- Tables show what percentage of strategic objectives were met in the past four years, but this says little about performance since the actual objectives are not identified.

## ▼ B PUBLIC BENEFITS

- Some agency-wide strategic goals and objectives hint at outcomes, but these are not directly measured.
- Measures provide little indication of agency’s impact on outcomes.
- Report discusses many things USAID has done to support people in developing and transitional economies; these narratives are not linked very well with measures.
- USAID furnishes a table allocating costs to strategic goals. Inspector general is skeptical of accuracy of these allocations.

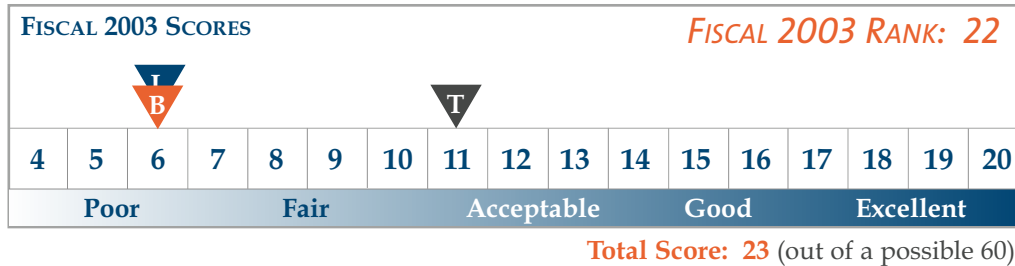
## ▼ L LEADERSHIP

- Transmittal letter and introductory material describe some good things the agency has done; it is not clear how these accomplishments relate to the strategic objectives of the relevant operating units.
- Operating units failed to meet 29 of 421 strategic objectives. Only seven of these shortfalls are explained.
- No specific responses to the inspector general’s list of major management challenges. Management-improvement objectives focus on initiating early process steps rather than identifying ultimate solutions.



## RANKING HISTORY

# DEPARTMENT OF DEFENSE (DEFENSE)



## T TRANSPARENCY

- Report could be located on web site only by searching for “performance and accountability report.” Available as a single PDF file or in separate sections.
- Performance information is confined to 30 pages in a 400 page document.
- Management Discussion and Analysis section lists 40 systemic and material weaknesses in the performance data.
- An appendix contains baseline and trend data back to fiscal 1999 or 2000 for each goal.

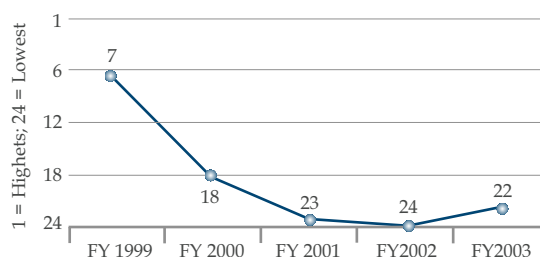
## B PUBLIC BENEFITS

- Three of four strategic goals, and about half of the 13 performance goals, are outcomes.
- Performance measures do not begin to capture the breadth and depth of Defense’s operations, nor do they measure key results related to strategic goals.
- Other than a passing reference in the deputy secretary’s transmittal letter, there is no discussion of the recent operations in Iraq and Afghanistan. Report says little about the department’s actual performance.
- Voluminous financial information is not linked to strategic goals or measures.

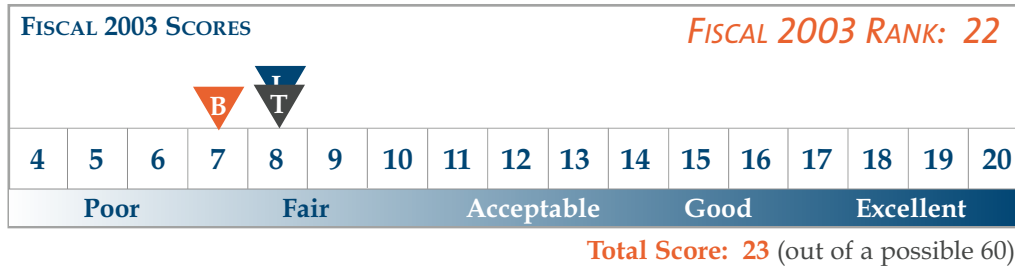
## L LEADERSHIP

- Performance shortfalls disclosed with minimal explanation.
- Senior management offers no direct response to nine major management challenges identified by the inspector general, except some proposed legislative changes.
- Six Defense issues remain on General Accounting Office’s “High Risk List.”
- Report indicates that efforts are underway to transform the department, but offers few specifics.

## RANKING HISTORY



# DEPARTMENT OF HEALTH AND HUMAN SERVICES (HHS)



## T TRANSPARENCY

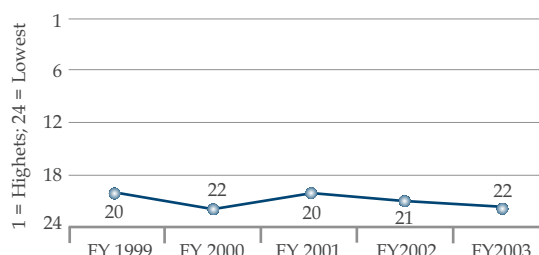
- Only one researcher could find the report on the department’s web site, via a circuitous trip through the office of finance “reading room.” Report was available for download in a number of separate files.
- More than 650 measures covering more than 300 programs in more than 100 program performance areas.
- Report identifies 18 “key” measures but provides fiscal 2003 actual results for none of these key measures.
- No information about quality of data for 600+ measures not covered in the report.
- Only half of the 18 key performance measures include trend data from fiscal 2001 and 2002.

## B PUBLIC BENEFITS

- Seven of eight strategic goals, and more than half of the 18 key measures, are outcomes. Unclear whether the remaining 600+ measures are outcomes or activities.
- Outcome measures appear related to goals, but activity measures are not directly aligned with goals.
- It is impossible to assess whether the department achieved its goals in fiscal 2003 since it offers no performance data for fiscal 2003.
- Appendix allocates department’s costs for fiscal 2003 and 2002 to its programs “aggregated from all HHS GPRA programs,” but does not explain what this is supposed to show. Cost information is not broken down by goals or measures.

## L LEADERSHIP

- Some of the strategic goals address important outcomes that are of obvious public benefit.
- No performance shortfalls reported, and hence no performance shortfalls explained.
- Appendix discusses most serious management challenges identified by the inspector general, along with the inspector general’s assessment of the department’s steps to deal with the challenges.
- Narratives acknowledge no performance shortfalls but identify some things HHS is doing to improve performance in the future.



### RANKING HISTORY

# DEPARTMENT OF HOMELAND SECURITY (DHS)

No report was available by February 13, our deadline for including reports in this Scorecard. Office of Management and Budget guidelines require agencies to submit their reports to Congress and the president by January 30.

# RESEARCH TEAM AND PROJECT DESIGN

The Scorecard project is headed by the Hon. Maurice McTigue, QSO, a distinguished visiting scholar at the Mercatus Center at George Mason University, and Dr. Jerry Ellig, a senior research fellow at the Mercatus Center.

Dr. Tyler Cowen, the Mercatus Center's general director, served as advisory director for the study. A three-member professional research team completed all report review and analysis. A 12 member advisory panel, made up of experts in public management, former federal performance managers, corporate strategists and communications experts reviewed our evaluations and analysis.

## PROJECT MANAGEMENT

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**The Hon. Maurice McTigue, Q.S.O.**, Distinguished Visiting Scholar  
Mercatus Center at George Mason University

**Dr. Jerry Ellig**, Senior Research Fellow  
Mercatus Center at George Mason University

**Ms. Jen Ivy**, Annual Performance Report Scorecard Project Manager  
Mercatus Center at George Mason University

**Mr. Henry Wray**, Visiting Fellow  
Mercatus Center at George Mason University

## ADVISORY PANEL

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### **Jonathan D. Breul**

*IBM Business Consulting Services  
Arlington, Virginia; Washington, DC*

Jonathan D. Breul is currently a senior fellow at IBM's Endowment Center for The Business of Government. He is a widely recognized expert on the policy and practice of improving government management and performance.

Formerly senior advisor to the deputy director for management in the White House Office of Management and Budget (OMB), Mr. Breul was OMB's senior career executive with primary responsibility for government-wide general management policies. He helped develop the President's Management Agenda, was instrumental in establishing the President's Management Council, and championed efforts to integrate performance information with the budget process. He led the overall implementation of the Government Performance and Results Act. In addition to his OMB activities, he helped Senator John Glenn (D-Ohio) launch the Chief Financial Officers (CFO) Act. Mr. Breul also served as the U.S. delegate and vice chair of the Organization for Economic Cooperation and Development's Public Management Committee.

Mr. Breul is a fellow and member of the Board of Trustees of the National Academy of Public Administration, and a principal of the Council for Excellence in Government.

He holds a Masters in Public Administration from Northeastern University, and a Bachelor of Arts from Colby College.

### **Veronica Campbell**

*Private Consultant  
Falls Church, Virginia*

Veronica Campbell recently completed a 30-year career in the federal service, where she contributed to the effectiveness of programs operated by the Departments of Labor, Interior and Agriculture. As the director of the Center for Program Planning and Results, she managed the Department of Labor's strategic planning and performance-based initiatives from 2000 to 2003, working with the Department's top executives and a dedicated inter-agency committee to foster a results-driven organizational culture. Ms. Campbell joined the planning office after the department's Year 2000 Project Management Team, where she served from 1998 to 2000, accomplished its mission of readying critical systems to perform successfully following the century change date.

Prior to her administrative experience, Ms. Campbell managed and performed program evaluations and audits for twenty-five years in the Offices of Inspectors General of three federal agencies. She served as the first director of the Office of Evaluations and Inspections at the Department of Labor, OIG, from 1992 to 1998, where she offered departmental clients a range of new consultative services with an emphasis on collaborative program evaluation. From 1987 to 1992, Ms. Campbell was the regional inspector general for audit for the Labor Department's New York and Boston Regions. Her early audit career at the Department of Agriculture, from 1973 to 1982, developed Ms. Campbell's analytical skills as she recommended improvements to USDA's international programs in twenty countries and evaluated a wide array of domestic programs.

Ms. Campbell holds a Bachelor of Arts in History from Barat College.

### **Mortimer Downey**

*PbConsult  
Washington, DC*

Mortimer L. Downey, III is principal consultant at PbConsult, a Parsons Brinckerhoff subsidiary providing advisory and management consulting services to public and private owners, developers, financiers and builders of infrastructure projects worldwide.

Prior to joining PbConsult, Mr. Downey served eight years as U.S. deputy secretary of transportation, becoming the longest serving individual in that post. As the department's chief operating officer, he developed the agency's highly regarded strategic and performance plans. During this period he also served on the

President's Management Council, chaired the National Science and Technology's Committee on Technology, and was a member of both the Trade Promotion Coordinating Council and the National Railroad Passenger Corporation's Board of Directors (Amtrak). In addition to his federal service, Mr. Downey has served as executive director/ chief financial officer of the New York Metropolitan Transportation Authority (MTA) and a senior manager at the Port Authority of New York and New Jersey. His legislative experience includes being on staff of the U.S. House of Representatives' Committee on the Budget.

Mr. Downey has received numerous professional awards, including election to the National Academy of Public Administration, where he serves as chairman of the board of directors. He earned a Masters in Public Administration from New York University, a Bachelors of Arts in Political Science from Yale University, and completed the Advanced Management Program at Harvard Business School. He has also served as an officer in the U.S. Coast Guard Reserves.

### **John Kamensky**

*IBM Business Consulting Services  
Arlington, Virginia; Washington, DC*

Mr. Kamensky is a senior research fellow for the IBM Endowment Center for The Business of Government. During 24 years of public service, he had a significant role in helping pioneer the federal government's performance and results orientation. He is passionate about creating a government that is results-oriented, performance-based, and customer-driven.

Mr. Kamensky served eight years as deputy director of Vice President Gore's National Partnership for Reinventing Government. Previous to his White House position, he worked at the U.S. General Accounting Office for 16 years where as an assistant director he played a key role in the development and passage of the Government Performance and Results Act (GPRA).

Mr. Kamensky received a Masters in Public Affairs from the Lyndon B. Johnson School of Public Affairs from the University of Texas.

### **Patricia Kelley**

*Denali Associates  
Severna Park, Maryland*

Patricia Kelley is a partner and the director of consulting services at Denali Associates, a firm specializing in strategic planning and performance management. She has held senior management positions with the Federal Reserve Board, advising the governors on policy issues regarding efficiency and effectiveness of the Board's operations. She also worked extensively with the Federal Reserve Banks on automation and payment system policy matters and acted as the liaison to other federal banking regulators.

Prior to joining the Federal Reserve, Ms. Kelley held various positions with the U.S. General Accounting Office and evaluated the effectiveness of programs in the Departments of Defense, Treasury, Agriculture, the



Government Printing Office, and the Overseas Private Investment Corporation. In 2000, Ms. Kelley co-authored [The Business of Government: Strategy, Implementation, and Results](#) with Dr. Thomas Kessler. She has provided management consulting support to over 30 federal agencies.

She holds a Master of Science in Computing Systems Management, and a Bachelor of Science degree in Accounting from the University of Maryland. She is also a graduate of its Stonier School of Banking. She is currently completing her PhD in Public Administration from the University of Baltimore.

**Thomas Kessler, Ph.D.**

*Denali Associates  
Severna Park, Maryland*

Dr. Thomas Kessler is currently a partner with Denali Associates, and teaches full time at Central Michigan University. From 1983 through 1996, Dr. Kessler was a senior manager at the Board of Governors of the Federal Reserve System. He frequently advised senior officials and provided recommendations for enhancing mission-critical business processes.

Prior to joining the Federal Reserve, Dr. Kessler was employed at Westinghouse Electric Corporation's Manufacturing Systems and Technology Center, and as assistant director for systems and programming at the Maryland State Government's Judicial Information Systems. Over the past several years, Dr. Kessler has trained and facilitated outcome-based performance measurement and planning sessions for many federal agencies, including the Departments of Veterans Affairs, Labor, Agriculture, the Federal Aviation Administration, Central Intelligence Agency, and the Federal Trade Commission. He has provided extensive support to the Federal Bureau of Investigation's Criminal Justice Information Services Division as they transitioned from using semi-automated processes to providing state-of-the-art imaging and processing technology support for biometric identification. In addition he publishes frequently, co-authoring [The Business of Government: Strategy, Implementation, and Results](#) with Patricia Kelley. He is a frequent speaker at professional conferences throughout the United States.

Dr. Kessler received his Ph.D. in Business Administration from Nova Southeastern University, and has a Masters of Business Administration from University of Baltimore, and is a certified information systems auditor.

**Donna McLean**

*DONNA McLEAN Associates, LLC  
Washington, DC*

Donna McLean recently established DONNA McLEAN Associates, LLC, a Washington, DC based consulting firm specializing in transportation policy.

Most recently, Ms. McLean was at the US Department of Transportation serving as the assistant secretary for budget and programs and chief financial officer under Secretary Norman Y. Mineta. Ms. McLean was involved in the development of the administration's reauthorization proposals for both the aviation and the

surface transportation modes. Ms. McLean was also intimately involved with the establishment of the Transportation Safety Administration (TSA).

Prior to experience as chief financial officer of the Department of Transportation, Ms. McLean was the assistant secretary for financial services and chief financial officer of the Federal Aviation Administration. She was also a professional staff member in the U.S. House of Representatives, Transportation and Infrastructure Committee for nearly seven years. In addition, she has worked at the Office of Management and Budget on the president's budget as well as the regulatory agenda.

Ms. McLean received her Masters in Public Policy from Indiana University's School of Public and Environmental Affairs. Her undergraduate bachelor's degrees in Political Science and Anthropology were also from Indiana University. She is currently an adjunct professor for Indiana University's Washington Leadership Program.

**Sarah E. Nutter, Ph.D.**

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Sarah Nutter is an associate professor of accounting in George Mason University's School of Management. Prior to joining the GMU faculty in 1995, she worked as an economist at the Internal Revenue Service. Dr. Nutter teaches a variety of courses in accounting and taxation in undergraduate, MBA, and Executive MBA programs. She recently received a teaching award for Outstanding Faculty Member from George Mason's Executive MBA Program.

Professor Nutter's research interests include investigating the impact of changing decision rules on individual and business behavior. Her research focuses primarily on the impact of taxes and tax structures on individuals and businesses. She has written extensively and has published in the Journal of the American Taxation Association, Journal of Accounting and Economics, Advances in Taxation, and the Statistics of Income Bulletin. One of her articles was recently granted the 1998-99 American Taxation Association's Outstanding Manuscript Award. She coauthored the Mercatus Center's Performance Report Scorecard for fiscal year 2002.

Dr. Nutter earned a Bachelor of Science from Ferris State University, and a Master of Business Administration and Ph.D. from Michigan State University.

**John M. Palguta**

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As vice president for policy and research at the Partnership for Public Service, John Palguta has responsibility for the development and implementation of a comprehensive program of research and analyses on human capital issues in the federal government.

Prior to joining the Partnership in December 2001, Mr. Palguta was a career member of the federal senior executive service as director of policy and evaluation for the U.S. Merit Systems Protection Board (MSPB), the culmination of a federal career spanning almost 34 years of progressively responsible experience in federal human resources management and public policy issues.

Mr. Palguta is active in a number of professional associations and is a fellow of the National Academy of Public Administration, vice chair of the Coalition for Effective Change, and a past president of the Federal Section of the International Public Management Association for Human Resources. He has published a number of articles on federal human resources management issues and is a frequent speaker at professional conferences and other forums. He is a recipient of MSPB's highest honor, the Theodore Roosevelt Award.

Mr. Palguta received a Bachelor of Arts degree in sociology from California State University at Northridge and a Master of Public Administration degree from the University of Southern California.

### **Michael Rosenbaum**

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Michael Rosenbaum is currently president of Rosenbaum Advisors, an independent consulting firm. Previously he was president of The Financial Relations Board, Inc. the U.S.'s largest investor relations agency.

During the past 20 years he has counseled more than 150 public and private firms. During that time, Mr. Rosenbaum has served both Fortune 500 companies and start-up enterprises, advising them on issues from initial public offerings to mergers, acquisitions, bankruptcy, proxy, earnings restatements and crises. He is co-author of the newly published, [The Governance Game](#), and authored [Selling Your Story to Wall Street: The Art and Science of Investor Relations](#). He is also widely published on investor relations, corporate governance and management issues, and is a frequent speaker on a wide range of business topics. In 1983 Michael Rosenbaum joined The Financial Relations Board, Inc. as a senior associate, and was named its president in 1997. He continued with the company after its sale to a publicly traded advertising holding company and in 2002 launched Rosenbaum Advisors.

Mr. Rosenbaum holds both a Masters in Business Administration from Roosevelt University, and a Bachelor of Arts in Communications from the University of Illinois.

### **John Sacco, Ph.D.**

*Department of Public and International Affairs  
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John Sacco is currently an associate professor at George Mason University's Department of Public and International Affairs. Prior to joining GMU he was a program analyst for the U.S. Department of Housing and Urban Development.

Professor Sacco is currently working on a government and nonprofit accounting and financial reporting textbook that will be accessible to students on the Internet. In 1999, along with several scholars, he published a policy paper about the major government reforms undertaken by New Zealand during the 1980s and 1990s. The paper compared New Zealand's integrated, business-like financial management system with the emerging attempts by the U.S. federal and state governments to use accounting and performance measures similar to those in private business. In 2000, Dr. Sacco published work in the Association of Governmental Accountants' Journal analyzing the most dramatic changes in state and local governmental accounting and finance practices that have taken place in the 20<sup>th</sup> century. He has forthcoming work on the evolution of end-user computing. In addition to his writing, Professor Sacco has consulted for several state and local governments and Certified Public Accounting (CPA) firms, including contact work with CPA firms on finance and accounting for the Chinese government.

John Sacco holds a Ph.D. in Political Science, a Masters of Science in Accounting, and a Bachelor of Science in Data Processing.

## RESEARCH TEAM

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### Valerie J. Richardson

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Valerie Richardson is president and chief executive officer of TreWyn, a financial and strategic management practice based in Germantown, Maryland.

Formerly she was associate director of the Center for Improving Government Performance (CIGP) at the National Academy of Public Administration. Ms. Richardson has been a practitioner of public sector performance management for well over a decade; she managed the Results Act of 1993 pilot and implementation efforts at the Patent and Trademark Office (PTO).

Ms. Richardson is widely published in public administration and accounting journals and proceedings, and is the author of the book *Annual Performance Planning – A Manual For Public Agencies*. She was awarded the Best Paper Award – Highest Quality Rating at the Co-operation & Competition Conference in Vaxjö, Sweden in 2002 and is a contributing chapter author to the book *Co-Operation & Competition “Co-opetition” – The Organization of the Future*.

She is a graduate of the John F. Kennedy School of Government, Harvard University's Senior Executive Fellows Program. Ms. Richardson holds a Master of Arts in Financial Management from the University of Maryland and undergraduate degrees from Trenton State College in Public Administration and Political Science. She is currently pursuing her Doctorate in Public Administration from the University of Baltimore.

**Michael D. Serlin**

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Michael D. Serlin is currently writing and consulting on public service change and participating in a number of volunteer activities after a 36-year federal career. He retired in 1994 from the U.S. Department of the Treasury’s Financial Management Service. As an assistant commissioner, he directed innovations in electronic funds transfer and financial operations for the U.S. government and initiated entrepreneurial administrative support across agencies.

Mr. Serlin led the financial management team for the National Performance Review (Reinventing Government) Task Force, most of whose recommendations were incorporated in the Government Management Reform Act of 1994. The law included requiring audited financial statements for all major agencies and introduced franchising – competitive cross-servicing of agency administrative support.

A former senior executive service presidential rank award winner, Mr. Serlin is a principal with The Council for Excellence in Government; he has participated in their reviews of agency strategic performance draft plans. He has contributed frequent articles and research papers on entrepreneurial government, executive mobility, and other government change efforts to magazines and professional journals.

Mr. Serlin received his Bachelor of Arts in Political Science from Stanford University.

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## ABOUT THE AUTHORS

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**THE HONORABLE MAURICE P. MCTIGUE, QSO** ([mmctigue@gmu.edu](mailto:mmctigue@gmu.edu)) is the director of the Mercatus Center's Government Accountability Project. In 1997, after completing his term as New Zealand's ambassador to Canada, he joined George Mason University as a distinguished visiting scholar. Previously, as a cabinet minister and a member of Parliament, he led an ambitious and successful effort during the 1980s and 1990s to restructure New Zealand's public sector and to revitalize its stagnant economy. In 1999, in recognition of his public service, Her Majesty Queen Elizabeth II bestowed upon Mr. McTigue the prestigious Queen's Service Order during a ceremony at Buckingham Palace.

At the Mercatus Center, Maurice McTigue shares with U.S. policymakers his practical experience and lessons learned. Since 1997 he has worked with senior administration officials, members of Congress, and scores of senior agency executives on applying the principles of economics, transparency and accountability in the public sector. He frequently speaks at conferences on performance issues, testifies before congressional committees on issues of government reform, and writes on the importance of transparency in reforming government. Mr. McTigue co-authored the Mercatus Center publication *Putting a Price on Performance: A Demonstration Study of Outcome-Based Scrutiny*.

**HENRY WRAY** ([henrywray@verizon.com](mailto:henrywray@verizon.com)) recently completed a distinguished career in Washington D.C. where he served for over 30 years in the U.S. General Accounting Office (GAO) and the United States Congress. At GAO he started in the Office of the General Counsel, where he served for many years as an associate general counsel, overseeing a group of attorneys who provided legal support to one of GAO's auditing divisions. He also served for four years as GAO's ethics counselor. In addition, for two years he headed the GAO audit group responsible for evaluations of the U.S. Department of Justice, the law enforcement components of the U.S. Department of Treasury, and the Federal Judiciary. He completed his GAO career while serving several years as a detailee to the U.S. Congress – during which time he was on the professional staff of the House Budget Committee, the House Committee on Government Reform, and the Senate Governmental Affairs Committee. After retiring from GAO, he served as counsel for the Senate Governmental Affairs Committee, and then in 2001 became senior counsel to the House Subcommittee on Government Efficiency, Financial Management and Intergovernmental Relations.

Prior to coming to Washington, Mr. Wray served as deputy attorney general in the Commonwealth of Pennsylvania Department of Justice.

Henry Wray earned his Bachelor of Arts in Political Science from Washington & Jefferson College, and a Juris Doctor with Honors from the National Law Center, George Washington University. He remains an active member of the Bar of the District of Columbia.

**DR. JERRY ELLIG** ([jellig@gmu.edu](mailto:jellig@gmu.edu)) has been a senior research fellow at the Mercatus Center at George Mason University since 1996. Between August 2001 and August 2003, he served as deputy director and acting director of the Office of Policy Planning at the Federal Trade Commission while on a leave of absence from the Mercatus Center. Dr. Ellig has also served as a senior economist for the Joint Economic Committee of the U.S. Congress and as an assistant professor of economics at George Mason University.

Dr. Ellig co-authored several previous editions of the Mercatus Center's Performance Report Scorecard. He has also published numerous articles on government regulation and business management in both scholarly and popular periodicals, including the *Journal of Regulatory Economics*, *Managerial and Decision Economics*, *Antitrust Bulletin*, *Competitive Intelligence Review*, *Journal of Private Enterprise*, *Texas Review of Law & Politics*, *Wall Street Journal*, *New York Times*, *Barron's*, and *Washington Post*. He has co-authored/edited books including *Dynamic Competition and Public Policy* (Cambridge, 2001), *New Horizons in Natural Gas Deregulation* (Praeger, 1996) and *Municipal Entrepreneurship and Energy Policy* (Gordon & Breach, 1994).

Dr. Ellig received his Ph.D. and Master of Arts in economics from George Mason University in Fairfax, VA, and his Bachelor of Arts in economics from Xavier University in Cincinnati, OH.

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